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ABSTRACT

A study focused on results from seven of the earliest state welfare reform initiatives with some form of welfare time limit. Four programs--Connecticut, Delaware, Florida, and Wisconsin--- included benefit-termination time limits triggering cancellation of a family's entire welfare grant. Arizona and Indiana imposed benefit-reduction time limits, in which only the adult's portion of the welfare grant was canceled at the time limit. Vermont imposed a work-trigger model in which recipients who reach the limit must work but benefits are not reduced or canceled. Five issues were related to program implementation: deciding on phase-in strategies, conveying the time-limit message, tracking the clock, determining when exemptions apply, and handling cases that reach the time limit. Early findings on whether time limits make a difference were as follows: Florida and Vermont found no evidence that time limits reduced the number of applicants who went on to receive benefits; all four programs for which employment data were available generated increases in employment rates in the pre-time limit period; four of five programs did not reduce the number of welfare recipients during this early period; and families were not more likely to experience severe material hardship after the time limit than they had experienced before. Open questions were whether extensions would be the norm or exception for clients reaching time limits and how time limits would affect behavior and well-being of recipients and their children over the long term. (Contains 36 references.) (YLB)

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The Cross-State Study of Time-Limited Welfare

# Welfare Time Limits: An Interim Report Card

Dan Bloom

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The Cross-State Study of
Time-Limited Welfare

# Welfare Time Limits:

## An Interim Report Card

Dan Bloom

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April 1999

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# Contents


| | |
|---|---|
| **Tables and Figures** | iv |
| **Preface** | v |
| **Acknowledgments** | vi |
| **Executive Summary** | ES-1 |
| **1 Introduction** | 1 |
| A Thumbnail History of Welfare Time Limits | 1 |
| Ending Welfare As We Know It | 2 |
| The 1996 Welfare Law: Time Limits Become National Policy | 3 |
| The Challenge of Time-Limited Welfare | 4 |
| About This Report | 5 |
| The Programs | 5 |
| The Evaluations | 8 |
| Limitations of the Current Knowledge Base | 9 |
| **2 How Are Time Limits Designed?** | 10 |
| The Many Varieties of Time Limits | 10 |
| The Length and Design of the Time Limit | 12 |
| The Consequence of Reaching the Time Limit | 13 |
| Exemption and Extension Policies | 13 |
| Special Policies for Families Whose Benefits Are Canceled | 18 |
| Complementary Policies | 19 |
| Complex Interactions | 24 |
| Getting the Full Picture | 24 |
| **3 How Are Time Limits Being Implemented?** | 26 |
| Deciding on Phase-In Strategies | 26 |
| Conveying the Time-Limit Message | 27 |
| Communicating and Reinforcing the Time-Limit Policy | 27 |
| The Content of the Message | 29 |
| Discussing the Exceptions | 31 |
| Tracking the Clock | 32 |
| Determining Exemptions | 33 |
| Handling Cases That Reach the Time Limit | 35 |
| What Types of Recipients Are Reaching Time Limits? | 37 |
| What Happens When Recipients Reach Time Limits? | 38 |
| Vermont's Work-Trigger Time Limit | 45 |
| **4 Do Time Limits Make a Difference?** | 47 |
| Impacts on Recipients | 47 |
| Deterrence Effects | 49 |
| Pre-Time Limit Impacts | 51 |
| The Post-Time Limit Period | 61 |
| Impacts on the Welfare System | 67 |
| How Line Staff Are Affected | 68 |
| Spurring Innovation in Employment Services | 68 |
| **5 Open Questions About Welfare Time Limits** | 70 |
| **References** | 72 |
| **Recent Publications on MDRC Projects** | 74 |

# Tables and Figures

## Tables


| | | |
|---|---|---|
| 1 | Brief Descriptions of the Welfare Reform Waiver Programs Discussed in This Report | ES-2 |
| 2 | Early Impacts on Employment and Earnings for Four Time-Limited Welfare Programs | ES-9 |
| 3 | Early Impacts on Cash Assistance Receipt and Payment Amounts for Five Time-Limited Welfare Programs | ES-10 |
| 1.1 | Basic Information About the State Waiver Programs Discussed in This Report | 7 |
| 2.1 | Key Features of the Time-Limit Policies in the State Waiver Programs Discussed in This Report | 11 |
| 2.2 | Time-Limit Exemption and Extension Policies in Connecticut, Florida, and Indiana | 14 |
| 2.3 | Selected Policies Implemented Along With Time Limits in the State Waiver Programs Discussed in This Report | 20 |
| 4.1 | Early Impacts on Employment and Earnings for Four Time-Limited Welfare Programs | 52 |
| 4.2 | Early Impacts on Cash Assistance Receipt and Payment Amounts for Five Time-Limited Welfare Programs | 53 |
| 4.3 | Vermont's Welfare Restructuring Project: Results for the 7th Quarter of Follow-up | 57 |
| 4.4 | Wisconsin's Work Not Welfare Program: Percentage of December 1994 Cash Assistance Recipients Still Receiving Benefits in Selected Months | 59 |
| 4.5 | Florida's Family Transition Program: Summary of Impacts in the Last Quarter of Year 3 of the Follow-up Period | 62 |


## Figures


| | | |
|---|---|---|
| 3.1 | Connecticut's Jobs First Program: Questions Addressed During the 20-Month Exit Interview | 40 |
| 3.2 | Florida's Family Transition Program: Simplified Illustration of the Process for Participants Who Are Within Six Months of Reaching the Time Limit | 41 |
| 3.3 | Outcomes for Early Cases Reaching the Time Limit in Florida and Connecticut | 42 |
| 4.1 | Simplified Illustration of the Typical Random Assignment Process for Welfare Applicants in Random Assignment Evaluations | 50 |
| 4.2 | Florida's Family Transition Program: Status of Program and Control Group Members in the Last Quarter of Year 2 | 56 |
| 4.3 | Florida's Family Transition Program: Rate of Cash Assistance Receipt During the First Three Years of the Follow-up Period | 63 |
| 4.4 | Vermont's Welfare Restructuring Project: Cash Assistance and Employment Status of Single Parents in the Program and Control Groups in Months 27 and 33 of the Follow-up Period | 64 |

# Preface

This is the third report in the Cross-State Study of Time-Limited Welfare, a foundation-funded project that is drawing lessons from the earliest state experiments with welfare time limits.

The report summarizes and synthesizes interim results from several rigorous studies of state time-limited welfare programs that were initiated under waivers of federal welfare rules granted before the passage of the 1996 federal welfare law. The programs, which began operating between mid-1994 and early 1996, provide a preview of the likely results of reforms implemented across the country in response to the federal law. The studies on which the report draws are being conducted by MDRC and other research organizations.

Although the story of time-limited welfare is still unfolding — with many key questions remaining to be answered — much has been learned from the waiver projects in the past few years. The report discusses the design of time-limited programs, describes their "street level" implementation, and provides early information on their impacts. So far, the story is far more complex than many had predicted it would be. There is great diversity in the way states have designed and implemented their time limits and, so far, the programs have generated neither the dramatic positive impacts predicted by proponents of the policy, nor the very harmful effects suggested by critics. Of course, it will be critical to see whether this picture changes with longer follow-up; most of the studies will continue for several more years.

MDRC is indebted to the foundations and states that have made this study possible. The Annie E. Casey Foundation, the Ford Foundation, the Joyce Foundation, and the Charles Stewart Mott Foundation have provided steadfast support for the Cross-State Study. State officials in Connecticut, Florida, Vermont, and Wisconsin — the states where MDRC has worked most directly — have also been strong supporters of the effort.

Judith M. Gueron
President

# Acknowledgments

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The funders of the Cross-State Study have been actively involved in the project since its inception, and have offered thoughtful guidance on many occasions. Particular thanks are due Michael Laracy (Annie E. Casey Foundation), Ron Mincy (Ford Foundation), Unmi Song (Joyce Foundation), and Jennifer Phillips (Charles Stewart Mott Foundation).

Thanks are also due the state officials who have assisted and cooperated with the complex, large-scale studies that underlie the report. I am especially indebted to officials in the four states where MDRC has worked most directly: Sandra Dooley (Vermont), Mark Heuschkel (Connecticut), Jean Rogers (Wisconsin), and Don Winstead (Florida).

Mark Greenberg, of the Center for Law and Social Policy, and David Fein and Greg Mills, of Abt Associates, reviewed drafts of the report and offered many helpful comments.

At MDRC, Judith Gueron, Gordon Berlin, David Butler, and Charles Michalopoulos reviewed drafts and offered valuable suggestions. Rachel Hitch, with assistance from Ramona Ortega, produced tables and figures and coordinated and fact-checked the report.

Judith Greissman edited the report, and Stephanie Cowell, assisted by Patt Pontevolpe, prepared the document for publication.

The Author

# Executive Summary

Of all the fundamental changes that have swept through the nation's welfare system over the past several years, the introduction of time limits on welfare receipt is one of the most dramatic. This report summarizes the results to date from studies of several of the earliest state welfare reform initiatives to include time limits. The reforms were initiated under waivers of federal welfare rules between mid-1994 and early 1996, prior to the passage of the 1996 federal welfare law; thus, these states' experiences provide some of the first reliable evidence on the operation and impacts of welfare time limits.

This is the third document produced by the Manpower Demonstration Research Corporation (MDRC) as part of the Cross-State Study of Time-Limited Welfare. Funded by private foundations — the Annie E. Casey Foundation, the Ford Foundation, the Joyce Foundation, and the Charles Stewart Mott Foundation — the Cross-State Study was designed to synthesize and disseminate lessons from the first experiments with welfare time limits. MDRC — a nonprofit, nonpartisan organization with more than two decades' experience designing and studying social policy initiatives — is conducting large-scale evaluations of several of the earliest state time-limit programs; the results described here are drawn from these evaluations as well as from studies being conducted by other organizations.

The story of time-limited welfare is still unfolding. Only a few states imposed time limits before late 1996, and most of the time limits are at least two years. Thus, as of this writing, only a few thousand families nationwide have reached a time limit. This means it is far too early to know how families will fare *after* they have reached time limits. Nevertheless, enough has been learned in the past few years to issue an interim report card on this important policy approach.

## The Programs Discussed in This Report

The report focuses on seven of the earliest state welfare reform initiatives that include some form of welfare time limit. The programs are described briefly in Table 1. The Arizona, Connecticut, and Indiana programs operated statewide from their inception; these states have moderate-sized welfare caseloads. The Delaware and Vermont programs are also statewide, but in two of the smallest states. The Florida and Wisconsin programs began as relatively small pilots (each state later implemented a statewide reform modeled in part on the pilot).

Four of the programs (Connecticut, Delaware, Florida, and Wisconsin) included *benefit-termination* time limits — that is, time limits that trigger the cancellation of a family's entire welfare grant. Of these four, Connecticut's program affects the largest number of recipients. Arizona and Indiana imposed benefit-*reduction* time limits, in which only the adult's portion of the welfare grant is canceled at the time limit. Vermont imposed a *work-trigger* model: Recipients who reach the limit must work (and are given community service jobs if necessary), but their benefits are not reduced or canceled.

## Table 1

### Brief Descriptions of the Welfare Reform Waiver Programs Discussed in This Report

**Arizona's EMPOWER Program** was implemented statewide in November 1995. EMPOWER limits adults to 24 months of benefit receipt in any five-year period (children may continue to receive benefits, however). The program also extends transitional child care and medical assistance to recipients who leave welfare for work (offering such benefits for 24 to 36 months, rather than the previous 12 months), imposes stronger penalties for recipients who do not participate in employment services, and makes other changes in welfare rules.

**Connecticut's Jobs First Program** was implemented statewide in January 1996. Jobs First combines one of the nation's shortest time limits – 21 months – with an unusually generous financial work incentive: All earned income is disregarded (that is, not counted) in calculating families' monthly welfare grants as long as their earnings are below the federal poverty level. In addition, most recipients are required to participate in employment services targeted to rapid job placement. Jobs First was the first statewide program in which a substantial number of welfare recipients reached a time limit. More than 10,000 recipients had had their benefits discontinued by late 1998.

**Delaware's A Better Chance (ABC) Program** was implemented statewide in October 1995. Recipients are required to work after two years of benefit receipt (and are given community service jobs if necessary) and have their grants canceled after 48 months. ABC requires recipients to participate in employment-related activities and to meet a set of personal and parental responsibility mandates; it imposes strong penalties for failure to comply with these requirements. ABC also includes financial work incentives that allow recipients to keep more of their welfare benefits after they go to work.

**Florida's Family Transition Program (FTP)** was implemented in May 1994 in Escambia (Pensacola), a mid-sized county. FTP limits most recipients to 24 months of benefits in any 60-month period. Certain groups facing greater barriers to employment are limited to 36 months of benefits in any 72-month period. A generously funded pilot project, FTP provides intensive case management, an array of social and health services, and financial work incentives; at least in its early operational period, the program stressed training and education to build participants' skills. Recipients are also required to ensure that their children are immunized and attend school regularly. FTP was the first program in which single-parent welfare recipients reached a time limit and had their benefits canceled. About 250 families had reached the time limit as of mid-1998. FTP served as a model for Florida's statewide welfare reform, which was implemented in late 1996.

**Indiana's welfare reform** was implemented statewide in May 1995. The program imposed a two-year time limit on benefits for adults considered to be job ready (the time limit was later redesigned and expanded to a broader share of the welfare caseload). The state also shifted the focus of its welfare-to-work program from education and training to activities geared to rapid job placement, and created financial incentives designed to promote work and encourage working recipients to increase their hours of employment. Recipients are also required to ensure that their children are immunized and attend school regularly.

(continued)

**Table 1 (continued)**

**Vermont's Welfare Restructuring Project (WRP)** was one of the earliest statewide welfare reforms initiated under federal waivers. Implemented in July 1994, WRP includes a "work-trigger" time limit: Most recipients are required to work in wage-paying jobs once they have received welfare for 30 months. The state provides subsidized minimum wage community service jobs to recipients who reach the time limit without employment. WRP also includes a set of financial work incentives consisting of supports for families who leave welfare for work and changes in welfare rules intended to encourage and reward work.

**Wisconsin's Work Not Welfare (WNW) Program** was implemented in two small counties (Fond du Lac and Pierce) in January 1995 (and discontinued in early 1997, when the pilot counties implemented Wisconsin's new statewide welfare reform program). WNW limited recipients to 24 months of benefits in any 48-month period and made a variety of other changes in welfare rules. For example, recipients were required to "earn" their benefits through participation in employment-related activities (education and training were generally limited to the first year); Food Stamps were provided, along with welfare, in a single cash grant. Recipients received intensive support from staff, who had small caseloads.

All seven programs are or were the subject of independent evaluations. Much of the information in the report comes from the Connecticut, Florida, and Vermont studies, which are being conducted by MDRC. Data are also drawn from Abt Associates' evaluations of the Arizona, Delaware, and Indiana programs, and from MAXIMUS's study of the Wisconsin program (MDRC also studied that program's implementation).

To date, the studies have produced results that cover, at most, two or three years. Because most of the time limits are at least two years, this means that most of the information available so far comes from the "pre-time limit period" — the period before recipients could have reached the limit. Obviously, the longer-term story will be critical because it will reflect information about how families fare after reaching time limits.

## Key Findings

- **There is great diversity in the way states have approached time limits.**

The 1996 federal welfare law restricts states from using federal Temporary Assistance for Needy Families (TANF) block grant funds to assist most families for more than 60 months. States are permitted to set time limits of less than five years, but also may exempt up to 20 percent of the caseload from the federal five-year limit. This is sometimes described as a national time limit but, in fact, states are not required to impose any time limit on cash assistance receipt. However, if they choose not to do so, they must use state funds to support families who pass the 60-month limit and exceed the cap on exemptions.

Perhaps the most striking aspect of the early experience with time-limited welfare is the diversity in the states' approaches. As the waiver programs show, the states' time limits vary in length and in the consequence of reaching the limit. The states' policies for exemptions and extensions from time limits also differ, as do the policies implemented along with time limits. To get the full picture of a state's time-limit policy, it is necessary to consider all of these elements. For example, a state might impose a short time limit, but allow many exemptions or extensions. A state that imposed a longer time limit but allowed fewer exceptions might actually have a "tougher" policy.

Data from a national survey show that, as of late 1997, more than 40 states had imposed a benefit-termination time limit. In 19 of these states, the time limit is less than 60 months. On the other hand, a number of states had not established-benefit termination time limits; they intend to use state funds to support children or entire families after the 60-month point, if necessary. Because several of the states without benefit-termination time limits are very large, and because other states exempt some categories of recipients from their time limits, it seems likely that fewer than half of the welfare cases nationwide are subject to a benefit-termination time limit at this point.

- **Most states have implemented other work-focused policies along with time limits. There can be complex interactions between time limits and these policies.**

No one wins if many recipients reach a time limit without jobs or other sources of support. If this occurs, administrators will face an unpleasant choice between granting many exceptions — thereby creating the impression that the time limit is not firm — or canceling the main income source for many vulnerable families. In part because of this concern, most states have embedded time limits in an array of other requirements, incentives, and services designed to promote employment and self-sufficiency.

Although the complementary policies are designed to further the same goal as the time limit itself, complex interactions may result. For example, to encourage and reward work, many states disregard (that is, do not count) a portion of recipients' earned income when monthly welfare grants are calculated. These so-called earned income disregards allow more working families to receive at least a partial welfare grant. Although disregards raise the income of some working families, and may spur some people to take or keep jobs, they also keep families on welfare longer, and each month in which a family receives even a partial benefit counts toward the time limit.

- **All the states allow exceptions to their time limits. A key challenge is to design and implement safeguards that are flexible enough to account for individual circumstances but uniform enough to ensure equity and consistency.**

To reduce the likelihood that children will be harmed by time limits, all states have built in safeguards for certain recipients who may be unable to support their families without welfare.

Many states *exempt* certain categories of recipients from the time limit; the clock does not run while an exemption applies. Some of the exemption criteria are clear-cut. For example, in the waiver programs, time limits do not apply to "child only" cases in which no adult is counted in the grant (these account for about one-fourth of welfare cases nationwide) or to recipients over a certain age (often 60). Exemptions are also granted to recipients who are incapacitated or caring for an incapacitated child, but this status can be ambiguous. Staff report that some recipients are experiencing physical or emotional problems that may make it difficult for them to work steadily, but are not considered truly incapacitated. Others might qualify but either cannot or do not obtain documentation from a doctor.

As a safety valve, states may offer extensions or other protections for recipients who "play by the rules" but reach the time limit with very low income (usually defined as income below the welfare payment standard, the maximum grant for their family size). A key issue in crafting such policies is how to define "playing by the rules." Some states have a clear-cut definition. Such criteria are relatively straightforward to apply, but may not account for individual circumstances. Loosely worded criteria, on the other hand, may allow for more tailoring. In addition, if the extension criteria are somewhat ambiguous, recipients may remain highly motivated, because they will not know for sure whether they will qualify. But vague criteria may be difficult to apply consistently and equitably because they can leave line workers with broad discretion in handling individual cases.

- **There are many difficult challenges involved in transmitting information about time limits to welfare recipients.**

Time limits aim to accomplish more than simply terminating recipients' grants when they reach the "cliff" — they are usually intended to spur recipients to move toward self-sufficiency well before that point. A time limit's ability to motivate recipients in the "pre-time limit" period may depend on how the policy is communicated to recipients in their day-to-day interactions with welfare staff.

All programs inform clients about the time limit, but programs place varying degrees of emphasis on this message. The Florida pilot is heavily staffed; workers have small caseloads, meet with clients frequently, and have many opportunities to discuss the time limit. Wisconsin's pilot shared these attributes. In statewide programs, where it may not be feasible to reduce workers' caseloads much, staff may have little contact with most of their clients and few chances to reinforce the time-limit message. In addition, welfare eligibility workers — the key points of contact between recipients and the system — may have little experience discussing such issues; historically, these staff have typically been directed to focus on issuing accurate and timely benefit checks.

The intensity of the time-limit message may also depend in part on whether staff believe that the policy will be implemented. During the early operational months — before clients had reached time limits — staff in several states expressed skepticism about whether recipients' benefits would actually be canceled (or reduced) at the time limit.

Beyond informing recipients about the time limit, staff also send either direct or indirect messages about how clients should respond in the short term. For example, one key question is

whether staff should urge recipients to use their time on welfare to obtain training or education, or to leave welfare as quickly as possible in order to "save" or "bank" their limited months for a time when they may be needed.

Finally, programs face difficult choices in describing extension policies. They want to give accurate and complete information, but do not want to weaken participants' motivation by creating the perception that the time-limit policy is not firm. This quandary is especially apparent in the early operational period, before any clients have actually reached the time limit (after that point, the "grapevine" will help to determine how clients perceive the time limit). In some programs, staff rarely mention extensions or are intentionally vague in describing the criteria. Workers said they wanted recipients to focus on preparing for self-sufficiency, rather than on trying to fit the extension criteria. Staff also believed the time limit would lose its motivational power if recipients believed there were loopholes.

- **Few welfare recipients receive benefits continuously until they reach a time limit; most leave welfare, at least temporarily, thereby stopping their clock.**

Previous studies showed that most people who enter the welfare rolls leave relatively quickly — about two-thirds leave within two years. However, many of those who leave return later. These data suggest that relatively few recipients will receive benefits continuously until they reach a time limit, but that many could reach a time limit eventually. Early results from the waiver studies confirm the first of these points (but it is too early too tell how many clients will reach time limits after leaving welfare and returning):

- In Escambia County, Florida, only 8 percent of the recipients subject to a 24-month time limit received benefits continuously for 24 months after enrollment. Among the less employable recipients subject to a 36-month time limit, only about 17 percent received benefits continuously for 36 months after enrollment. (Recipients who met the criteria for an exemption from the Family Transition Program — FTP — at the point they were slated to enroll were screened out; they are not included in these figures.)

- In Vermont, where the work-trigger time limit was initially applied to a broad cross section of the welfare caseload, about 29 percent of single-parent recipients reached the 30-month time limit after continuous or nearly continuous benefit receipt.

- In New Haven and Manchester, Connecticut, about 27 percent of recipients reached a 21-month time limit after continuous or nearly continuous receipt. (Connecticut has a very generous earned income disregard which makes it less likely that recipients will leave welfare when they find jobs.)

Data from Connecticut and Florida show that recipients who had long histories of prior welfare receipt were more likely to reach the time limits quickly.

- **The earliest experiences suggest that states may respond quite differently when recipients reach time limits.**

The Connecticut and Florida programs are two of the first in which recipients have reached benefit-termination time limits. Although the two programs' extension policies look similar on paper, the early results have been dramatically different. In Escambia County, Florida, nearly everyone who has reached the time limit has had her (or his) grant entirely canceled. In Connecticut, roughly half of those reaching the time limit have received at least one six-month extension.

In both programs, a substantial fraction of the people who reached the time limit were employed and had income above the welfare payment standard; the states' earned income disregards had allowed them to remain on welfare while working. These clients were assumed not to need extensions, and their benefits were canceled.

The key difference relates to recipients who reached the time limit with income below the payment standard. In Connecticut, almost all of these clients were deemed to have made a good-faith effort to find employment (and thus were granted extensions), while in Florida most were considered noncompliant (making them practically ineligible for an extension). This disparity appears to stem from differences in the programs' design and implementation.

Florida's FTP, a heavily staffed pilot, typically schedules participants for an intensive schedule of activities and closely monitors them. This means participants can receive intensive services, but also that people are likely to miss many required activities. In contrast, Connecticut's much larger statewide program focuses more heavily on financial incentives and messages. Recipients are required to participate in employment activities, but the schedule is usually not very intensive. Staffing has not been expanded and workers have large caseloads, which makes it difficult for them to closely monitor participants. This, in turn, means that relatively few recipients were sanctioned (that is, had their grants reduced or canceled) for failing to meet program requirements prior to reaching the time limit.

In Connecticut, the absence of tight monitoring, when combined with a clear-cut definition of "good-faith effort" based on a client's history of sanctioning, means that most recipients get the "benefit of the doubt": They are assumed to have made a good-faith effort because there is no evidence to the contrary. In Florida, tight monitoring and a more ambiguous definition of compliance results in a much higher proportion being deemed "noncompliant."

- **Most of the waiver programs have generated increases in employment rates and/or decreases in welfare receipt in the period before recipients began to reach the time limit. However, it is not clear what role the time limits played in generating these impacts.**

Six of the seven evaluations (all but Wisconsin's) use random assignment research designs in which eligible welfare applicants and recipients were assigned, at random, to a *program group*, which was made subject to the reform, or a *control group*, which remained subject to the prior rules (which usually include requirements to participate in employment-related activities). Both groups are being followed for several years, and any differences that emerge between them

— for example, in employment rates — can be attributed to the reform. Such differences are known, in the language of evaluations, as *impacts*. Although it has limitations — for example, this research design cannot determine whether a program is affecting the number of people who apply for welfare — random assignment is generally seen as the most reliable way to determine what difference a program makes.

Tables 2 and 3 show early results from five programs (results for Connecticut will be available in 1999). To facilitate comparisons, the top panel of each table shows the results at the end of the first year of the follow-up period, and the bottom panels show results for the end of the second year (where available).[1] The tables show results for the "pre-time limit period" — before recipients could have reached the limits. Two patterns stand out:

- All four programs for which employment data are available have generated increases in employment rates in the pre-time limit period. (Vermont's program generated statistically significant employment gains, but not in the periods shown in the table.)

- Four of the five programs (Indiana is the exception) did *not* reduce the number of people receiving welfare during this early period.[2]

These results suggest that time limits may cause some recipients to go to work, but that they do not induce many people to leave welfare more quickly in the pre-time limit period. But the story is more complex. First, it is likely that the Delaware and Florida programs would have reduced the rate of welfare receipt had they not included earned income disregards that allowed program group members (but not control group members) to earn more without losing eligibility for welfare.

Second, while at least four programs generated some pre-time limit impacts, it is not clear to what extent these effects were driven by the time limits, as opposed to other program features. The Vermont study, which provides the most direct evidence on this issue, suggests that time limits *per se* may modestly increase employment and reduce welfare receipt during the pre-time limit period.[3] The other studies are not designed to address this issue directly, but it appears that the time limits *per se* did not generate large impacts. In all three states, program group members faced tougher work-related mandates than did control group members and, in the past, programs

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[1]Two issues are important in understanding these results: First, the average earnings and average welfare payment amounts in the right-hand panel of each table include all members of each research group, including those who were not working or receiving welfare in the specified period. Second, the results in Table 3 for Arizona are not directly comparable to the others because they cover a one-month period rather than a three-month period.

[2]The Delaware and Florida programs reduced the average welfare payment per person even though they did not reduce the number receiving welfare. This probably occurred because program group members were more likely to be working — and thus receiving only partial welfare grants — and/or because program group members were more likely to have their grants reduced for failing to comply with program mandates.

[3]The Vermont study includes two program groups — one subject to all aspects of the state's welfare reform, and the other subject to all aspects *except* the time limit. Comparing results for these two groups shows the effect of adding the time limit to the other program features.

## Table 2

### Early Impacts on Employment and Earnings for Four Time-Limited Welfare Programs

| Selected Welfare Programs | Percent Employed | | | | Average Earnings per Person ($) | | | |
|---|---|---|---|---|---|---|---|---|
| | Program Group | Control Group | Difference (Impact) | Percentage Change | Program Group | Control Group | Difference (Impact) | Percentage Change |
| **Last quarter of year 1** | | | | | | | | |
| Delaware | 55.7 | 44.9 | 10.8 *** | 24.1 | 1,214 | 1,047 | 167 * | 16.0 |
| Florida | 45.2 | 40.8 | 4.3 ** | 10.6 | 819 | 715 | 104 ** | 14.5 |
| Indiana[1] | 57.6 | 50.0 | 7.6 *** | 15.2 | 1,250 | 1,000 | 250 *** | 25.0 |
| Vermont | 42.5 | 40.0 | 2.5 | 6.3 | 887 | 854 | 33 | 3.9 |
| **Last quarter of year 2 (if available)** | | | | | | | | |
| Florida | 51.7 | 43.5 | 8.2 *** | 18.9 | 1,058 | 851 | 207 *** | 24.4 |
| Indiana[1] | 57.2 | 54.4 | 2.8 | 5.1 | 1,433 | 1,374 | 59 | 4.3 |
| Vermont (quarter 7) | 46.1 | 43.5 | 2.6 | 5.9 | 1,075 | 1,071 | 4 | 0.3 |

SOURCE: Evaluation reports on each state program.

NOTES: Differences marked with three asterisks are statistically significant at the 1 percent level — that is, there is at least a 99 percent probability that the program actually had an impact on that outcome. Differences marked with two asterisks are statistically significant at the 5 percent level, and those marked with one asterisk are statistically significant at the 10 percent level.

Dollar averages include zero values for sample members who were not employed.

[1]The results for Indiana are for the subgroup of sample members predicted to be in the "placement track." The time limit only applied to placement track clients during the study period.

## Table 3

### Early Impacts on Cash Assistance Receipt and Payment Amounts for Five Time-Limited Welfare Programs

| Selected Welfare Programs | Percent Receiving Cash Assistance | | | | Average Amount of Cash Assistance per Person ($) | | | |
|---|---|---|---|---|---|---|---|---|
| | Program Group | Control Group | Difference (Impact) | Percentage Change | Program Group | Control Group | Difference (Impact) | Percentage Change |
| **Last quarter of year 1** | | | | | | | | |
| Arizona[1] | 53.3 | 51.4 | 1.9 | 3.6 | 147 | 148 | -1 | -0.6 |
| Delaware | 65.7 | 65.6 | 0.1 | 0.2 | 512 | 588 | -76 *** | -12.9 |
| Florida | 56.2 | 54.4 | 1.9 | 3.4 | 400 | 420 | -20 | -4.8 |
| Indiana[2] | 43.3 | 52.6 | -9.3 *** | -17.7 | 296 | 389 | -93 *** | -23.9 |
| Vermont | 67.3 | 66.5 | 0.9 | 1.4 | 960 | 976 | -16 | -1.6 |
| **Last quarter of year 2 (if available)** | | | | | | | | |
| Florida | 35.9 | 38.1 | -2.2 | -5.8 | 217 | 271 | -54 *** | -19.9 |
| Indiana[2] | 25.4 | 29.3 | -3.9 | -13.3 | 152 | 200 | -48 *** | -24.0 |
| Vermont | 52.2 | 52.6 | -0.4 | -0.8 | 713 | 743 | -29 | -3.9 |

SOURCE: Evaluation reports on each state program.

NOTES: Differences marked with three asterisks are statistically significant at the 1 percent level — that is, there is at least a 99 percent probability that the program actually had an impact on that outcome. Differences marked with two asterisks are statistically significant at the 5 percent level, and those marked with one asterisk are statistically significant at the 10 percent level.

Dollar averages include zero values for sample members who were not receiving cash assistance.

[1]The data from Arizona refer to month 12 of the follow-up period rather than to a full quarter.

[2]The results for Indiana are for the subgroup of sample members predicted to be in the "placement track." The time limit only applied to placement track clients during the study period.

with such mandates — but not time limits — generated impacts similar to those found in these studies.

In short, the results suggest that, while the presence of a time limit probably spurs some recipients to work or leave welfare more quickly in the pre-time limit period, such impacts are probably fairly modest. This may be partly attributable to limitations of the research designs, or to the way the time limits were communicated by staff, but it also appears that simple human nature explains why many recipients do not respond early to time limits. Surveys and focus groups suggest that many recipients see time limits as a distant concern while many months remain on the clock. In the short term, they are more likely to focus on day-to-day concerns (such as paying bills and keeping children out of trouble). When asked about welfare reform measures, recipients discussed policies such as work requirements that affect them immediately. Some expressed general concern about time limits, but had not translated this into a specific strategy for moving to self-sufficiency. Almost no one discussed the need to "bank" months of assistance, perhaps because most people seemed fairly optimistic about their future prospects.

- **Findings are starting to emerge from studies of families whose welfare grants were canceled at time limits, but it is too early to say how these families will fare.**

The Connecticut and Florida evaluations include surveys of families that reached time limits and had their welfare grants canceled. To date, results have been published from surveys conducted three to six months after benefit termination. So far, the available research data show little evidence that families were more likely to experience severe material hardship after the time limit than they had experienced before. This does not mean families were not experiencing hardship — cash assistance grants leave most families below the poverty line while on welfare — but it does not appear that the most serious problems such as homelessness or hunger were more prevalent after the time limit. However, it is important to note that the data available at this point are not detailed enough to measure less dramatic changes in well-being; moreover, longer follow-up is needed to understand whether respondents' short-term coping strategies can be maintained over time.

The early results also indicate that there is not much change in people's employment status in the immediate post-time limit period; that is, most people who were employed when they reached the time limit were employed several months later, and most who were not employed during their last month on assistance were still not employed when contacted later. That being said, the results also suggest that, when discussing the well-being of former recipients, it is not enough to know whether they are employed. Those who are not employed may be relying on support from relatives, partners, or friends (and may be living rent-free in subsidized housing), while some employed individuals may be earning very little and have few other sources of income.

## Open Questions

So far, the waiver studies suggest that time limits have produced neither the dramatic positive changes that proponents promised nor the dire consequences that critics predicted. But the results available now provide only an interim report card.

Over the next two to three years, the waiver studies will examine how many welfare recipients reach time limits after cycling off and back onto welfare, and will describe how families fare after time limits. They will also provide detailed information on how the early time-limit programs affect the well-being of children.

Other research will be needed to address questions that the waiver studies cannot answer. For example, it is not clear whether time limits will have different impacts once the time-limit message has permeated communities; some have argued that participants in the earliest programs may not have fully believed that time limits would be implemented. In addition, it will be important to learn more about the operation and impacts of time limits in weak labor markets and in very large cities.

Chapter 1

# Introduction

Of all the fundamental changes that have swept through the nation's welfare system over the past several years, the introduction of time limits on welfare receipt is one of the most dramatic. The rapid emergence of welfare time limits is particularly striking because, until recently, almost nothing was known about how time limits would be implemented by welfare agencies or how they would affect the behavior and well-being of welfare recipients and their families.

This report summarizes the results to date from studies of several of the earliest state welfare reform initiatives to include time limits. The reforms were begun under waivers of federal welfare rules between mid-1994 and early 1996, prior to the passage of the 1996 federal welfare law. Thus, these states' experiences provide some of the first reliable evidence on the operation and impacts of welfare time limits. Although it is still too early to answer some key questions about time-limited welfare, much has been learned in the past few years.

The report is the third document produced by the Manpower Demonstration Research Corporation (MDRC) as part of the Cross-State Study of Time-Limited Welfare.[1] Funded by private foundations – the Annie E. Casey Foundation, the Ford Foundation, the Joyce Foundation, and the Charles Stewart Mott Foundation – the Cross-State Study is designed to synthesize and disseminate early lessons from the first experiments with welfare time limits. MDRC, a nonprofit, nonpartisan organization with more than two decades' experience designing and studying social policy initiatives, is conducting large-scale evaluations of several of the state waiver programs; the results described here are drawn from these evaluations as well as from studies being conducted by other organizations.

After this introductory chapter, the core of the report is organized around three broad questions:

- How are time limits designed?
- How are time limits being implemented?
- Do time limits make a difference?

The final chapter offers some concluding thoughts and identifies some of the key open questions about time limits.

## A Thumbnail History of Welfare Time Limits

The concept of placing time limits on government-sponsored income assistance payments is not new. Unemployment compensation – one of the largest income assistance programs – typically

[1]The first two publications were Bloom and Butler, 1995, and Brown, Bloom, and Butler, 1997.

provides payments to unemployed workers for a maximum of 26 weeks.[2] There have even been time limits in means-tested (that is, income-conditioned) assistance programs such as state or local General Assistance (GA) programs for childless adults and the Aid to Families with Dependent Children–Unemployed Parent (AFDC-UP) program for two-parent families.[3]

But, until recently, the main AFDC program was seen in a different light.[4] Unemployment compensation is not a true "safety net" program, since recipients can fall back on other forms of assistance after their benefits expire. GA and AFDC-UP are part of the safety net, but the former generally does not target children, and the latter served families that had two parents to share the nurturer and provider roles. In contrast, AFDC targeted children in needy single-parent families, a population that was thought to have few alternatives.

Thus, despite growing public dissatisfaction with AFDC, until recently families could continue to receive benefits for as long as they met the program's eligibility requirements.[5] Recipients could be required to work or prepare for work, but those who failed to do so had their grants reduced, not canceled.[6]

**Ending Welfare As We Know It**

The idea of imposing a time limit on AFDC receipt first gained national prominence during the 1992 presidential campaign, when then-candidate Bill Clinton promised to "end welfare as we know it" by requiring parents to work after two years on AFDC.[7] Under President Clinton's plan, the government would not have ended assistance to families reaching the two-year time limit. Rather, the primary form of assistance would have changed from cash payments to wages: Recipients who were unable to find jobs by the time they reached the limit would have been given public service jobs, with their wages subsidized with funds that would otherwise have supported their welfare grants. Despite this critical qualification, a proposal to set some form of time limit on welfare – particularly one put forward by a Democratic presidential candidate – permanently changed the terms of the welfare debate: AFDC was no longer off limits.

The Clinton welfare plan was never passed by Congress, but it helped trigger a flurry of welfare reform activity in the states. Before the 1996 law took effect, the administration granted waivers of federal rules to about 40 states, allowing them to make a variety of changes in their

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[2]These benefits have often been extended during economic downturns.

[3]In 1988, Congress required all states to operate AFDC-UP programs. However, states that had not previously operated such programs were permitted to impose time limits on assistance to two-parent families.

[4]AFDC was created by the Social Security Act of 1935 and was replaced by the Temporary Assistance for Needy Families (TANF) block grants to states as part of the 1996 federal welfare law.

[5]AFDC eligibility depended on the presence of one or more dependent children. Thus, assistance for adults was always time-limited in the sense that adults could not continue receiving assistance after their youngest child "aged out" and was no longer dependent.

[6]Technically, these "sanctions" involved removing the noncompliant individual – generally the parent – from the grant calculation; the portion of the grant targeted to the children was not reduced.

[7]There is little agreement about which means-tested programs should properly be called "welfare." This report generally uses the term to refer to AFDC or TANF cash assistance.

AFDC programs. More than 30 states received waivers to institute some form of time limit in at least part of the state.[8]

Many of the earliest state time-limit waivers resembled the Clinton plan: The time limit was designed to trigger a work requirement, and the state intended to provide jobs or unpaid "workfare" slots to recipients who could not find jobs on their own. By 1995, however, the predominant definition of a time limit had begun to shift from Clinton's original work-trigger model to a benefit-termination model, in which the time limit signals the end of cash assistance and the government does not necessarily provide jobs to recipients who cannot find them. Although the U.S. Department of Health and Human Services (HHS) imposed some conditions on the states' waiver programs – notably, most states were required to build in provisions for benefit extensions, public jobs, or other protections for recipients who "play by the rules" but are unable to find jobs by the time they reach the time limit – benefit-termination time limits were planned or in place in at least part of 17 states by mid-1996.[9]

### The 1996 Welfare Law: Time Limits Become National Policy

The Personal Responsibility and Work Opportunity Reconciliation Act, passed by Congress in August 1996, made time limits a central feature of federal welfare policy. In addition to replacing AFDC with a block grant and imposing tough new work requirements for recipients, the law restricts states from using federal Temporary Assistance for Needy Families (TANF) block grant funds to assist most families for more than a cumulative total of 60 months. States are permitted to set time limits of less than five years, but also may exempt up to 20 percent of the caseload from the federal five-year limit.

This TANF provision is often presented as a national time limit, but this is not technically accurate. In fact, states are not required to impose any time limit on welfare receipt. However, if they choose not to do so, they must use state funds to support families who pass the 60-month limit and exceed the 20 percent cap on exemptions. As discussed below, states have chosen quite different paths in responding to the TANF five-year limit.

It is also important to note that the 1996 law allows states to continue the initiatives they began under waivers, and stipulates that waiver provisions will take precedence over TANF provisions where there are conflicts between the two.[10]

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[8]U.S. Department of Health and Human Services, 1996.

[9]Greenberg, Savner, and Swartz, 1996. The figure represents the number of states that had approved or pending waivers to implement a benefit-termination time limit as of June 20, 1996.

[10]In proposed regulations, the U.S. Department of Health and Human Services has specified that the federal five-year limit would be considered inconsistent with a state's waiver only if: (1) the state's policy provides for terminating cash assistance for individuals or families who reach the time limit and the state would have to change its waiver in order to comply with the five-year limit, or (2) the state needs to continue prior-law policies for cases in an experimental evaluation such as the ones described in this report. See Savner, Greenberg, and Roberts, 1998.

## The Challenge of Time-Limited Welfare

At first glance, imposing a benefit-termination time limit seems straightforward and mechanical: A state simply needs to develop a system for counting recipients' months of benefit receipt and stopping their checks when the limit is reached. As discussed below, this task presents technical challenges, but can be accomplished.

But the reality of time-limited welfare, driven by the public's conflicting goals for welfare reform, is less clear-cut. Polls have shown that Americans strongly disapprove of long-term welfare receipt, and support time limits in principle. The same polls, however, show that most voters also continue to support the original goal of AFDC – supporting poor children – and do not want to see children harmed or families forced apart by welfare reform measures.[11]

The conflict arises because no one knows what fraction of long-term welfare recipients are in fact capable of supporting their children for long periods without welfare. Studies have shown that long-term recipients tend to be single mothers with low levels of education and basic skills, and limited work experience; moreover, many report facing serious emotional or physical problems that may limit their ability to work steadily.[12] It is also clear that when they can find jobs, women with these characteristics are quite likely to obtain unstable, low-wage, often part-time jobs that do not offer fringe benefits. Several studies have also found that the number of welfare recipients far exceeds the number of low-skilled jobs available in some large cities.[13]

These stark realities have constrained and complicated the design and implementation of time-limited welfare programs. Most important, they have prompted states to create various kinds of exceptions that aim to identify and protect recipients who are truly incapable of supporting their children without welfare. But even with such safeguards in place, administrators will face an unpleasant choice if large numbers of clients reach a time limit without jobs or other income sources: They will have to choose between granting many exceptions – thereby casting doubt on the firmness of the time limit – or terminating the primary income source for large numbers of vulnerable families with children (and possibly causing public costs to increase in other areas).

Thus, most states have sought to minimize the number of people who actually reach time limits by simultaneously implementing other policies designed to require, encourage, and assist recipients in finding jobs before their benefits expire. The problem is that these complementary policies are likely to generate higher upfront costs – an investment that may be unpopular in many states. Moreover, even the most successful welfare-to-work strategies tested in the past (in the absence of time limits) did not come close to ending long-term welfare receipt.[14]

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[11] See, for example, Garin, Molyneux, and DiVall, 1994, and Farkas and Johnson, 1996.

[12] Loprest and Acs, 1996; Olson and Pavetti, 1996.

[13] See, for example, Holzer, 1996; Leete and Bania, 1996; Wilson, 1996; Newman and Lennon, 1995.

[14] For example, a study of a successful welfare-to-work program, Greater Avenues for Independence (GAIN), implemented in Riverside, California, in the late 1980s found that 48 percent of those subject to GAIN received at least two years of AFDC within four years after enrolling in GAIN. The figure was 56 percent for members of a control group not subject to GAIN.

In sum, the challenge is to impose a time limit that ends or sharply curtails long-term welfare receipt without harming poor children or raising public costs. This report describes how states have approached this challenge and discusses the early evidence about whether these disparate goals can be achieved.

## About This Report

Although the story of time-limited welfare is still unfolding, much has been learned in the past few years. This document presents an interim report card on this dramatic new policy approach by synthesizing and distilling the findings from a number of careful studies.

### The Programs

The report draws primarily on the experiences of seven of the earliest state welfare reform initiatives that included some form of welfare time limit:

- Arizona's EMPOWER Welfare Reform Demonstration
- Connecticut's Jobs First Program
- Delaware's A Better Chance (ABC) Program
- Florida's Family Transition Program (FTP)
- Indiana's welfare reform
- Vermont's Welfare Restructuring Project (WRP)
- Wisconsin's Work Not Welfare (WNW) Program

States that received federal waivers in the pre-TANF period were required to conduct evaluations of their welfare reforms. Thus, all seven of these programs are or were the subject of independent evaluations. Much of the information in the report comes from the Connecticut, Florida, and Vermont studies, which are being conducted by MDRC.[15] Data are also drawn from Abt Associates' evaluations of the Arizona, Delaware, and Indiana programs, and from MAXIMUS's study of the Wisconsin program (MDRC also studied that program's implementation).[16]

The seven time-limit programs listed above are not the only ones that began operating before the 1996 welfare law passed.[17] In addition, several other states imposed time limits just after

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[15]The information on these programs is drawn from several published reports. Connecticut: Bloom, Andes, and Nicholson, 1998; Hunter-Manns, Bloom, Hendra, and Walter, 1998; Hunter-Manns and Bloom, 1999. Florida: Bloom, 1995; Bloom, Kemple, and Rogers-Dillon, 1997; Bloom, Farrell, Kemple, and Verma, 1998; Bloom, Farrell, Kemple, and Verma, 1999; Vermont: Bloom, Michalopoulos, Walter, and Auspos, 1998.

[16]Information on Arizona, Delaware, and Indiana are drawn from Fein and Karweit, 1997; Mills et al., 1997; Fein et al., 1997; Fein et al., 1998. Information on the Wisconsin program comes from MAXIMUS, 1997; Bloom and Butler, 1995; Brown, Bloom, and Butler, 1997.

[17]The following states also imposed benefit-termination or benefit-reduction time limits in at least part of the state before August 1996: Illinois (February 1996), Nebraska (November 1995), North Carolina (July 1996), Texas (June 1996), and Virginia (July 1995). In addition, Iowa's welfare reform, implemented in 1993, includes individual time limits that may be renegotiated.

the law passed, and some recipients started to reach those limits in 1998 (see Chapter 3). Although several of these other programs are mentioned, this report does not provide a comprehensive review of state time-limit policies,[18] nor does it attempt to systematically review data gathered from newspaper reports, state-generated statistics, or other sources that have described various state programs. Rather, the report draws primarily from research results to discuss the experiences of several early programs that are being rigorously evaluated.

Table 1.1 includes some basic information about each program and its evaluation. As the table shows, the Arizona, Connecticut, and Indiana programs operated statewide from their inception, in states with moderate-sized welfare caseloads. The Delaware and Vermont programs are also statewide, but in two of the smallest states. The Florida and Wisconsin programs began as relatively small pilot programs.

Of the seven programs, four (Connecticut, Delaware, Florida, and Wisconsin) included benefit-termination time limits – that is, time limits that trigger the cancellation of a family's entire welfare grant. Of the four, Connecticut's program affects the largest number of recipients. Arizona and Indiana imposed benefit-*reduction* time limits, in which only the adult's portion of the grant is canceled at the time limit. Vermont imposed a work-trigger time limit similar in some ways to the original Clinton proposal.

In addition to time limits, each of the programs also includes a variety of other features designed to encourage, require, or assist recipients in finding and holding jobs. These policies, and their interaction with the time limits, are discussed further in Chapter 2.

It is important to note that several of these programs and studies have changed since they were originally implemented. Both Arizona[19] and Indiana have imposed 60-month benefit-termination time limits in addition to the shorter time limits applying only to adults. (Indiana also redesigned its time limit for adults.[20]) Wisconsin's pilot ended before any recipients reached the time limit, but the statewide Wisconsin Works (W-2) program, implemented in 1997, also includes time limits. Delaware's program is continuing, but the experimental component of its impact evaluation ended in 1997. The Connecticut, Florida, and Vermont programs and studies are continuing to operate more or less as originally designed, although Florida has implemented a statewide welfare reform – Work and Gain Economic Self-Sufficiency (WAGES) – that differs in some ways from the Family Transition Program.[21]

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[18] For such a review, see, for example, Gallagher et al., 1998.

[19] Federal rules specify that a state can exempt Native American reservations from the state and federal time limits if unemployment rates, as computed by the Indian Bureau, are in excess of 50 percent. Reservations in Arizona, with unemployment over 50 percent, are exempt from all time limits on welfare receipt.

[20] Initially, Indiana's time limit referred to a calendar period; that is, the "clock" continued to run during months when the client was not receiving welfare. The time limit was redesigned in 1997 to count only months in which benefits are received. Also, the state added a new "earnback" provision that credits one month of TANF benefits for every six consecutive months of full-time employment. (No more than 24 months of eligibility can be retained at any point.)

[21] FTP will continue to operate in Escambia County (Pensacola) until the evaluation's follow-up period is complete.

## Table 1.1

### Basic Information About the State Waiver Programs Discussed in This Report

| Feature | *Arizona* EMPOWER | *Connecticut* Jobs First | *Delaware* A Better Chance (ABC) | *Florida* Family Transition Program (FTP) | *Indiana* | *Vermont* Welfare Restructuring Project (WRP) | *Wisconsin* Work Not Welfare (WNW) |
|---|---|---|---|---|---|---|---|
| Program start date | 11/95 | 1/96 | 10/95 | 5/94[1] | 5/95 | 7/94 | 1/95 |
| Location of program | Statewide | Statewide | Statewide | Escambia County (Pensacola)[2] | Statewide | Statewide | Fond du Lac and Pierce counties |
| Initial welfare caseload in areas where program operates[3] | 57,000 | 58,000 | 10,000 | 6,000 | 60,000 | 10,000 | 1,000 |
| Location of evaluation | Maricopa and Apache counties | Manchester and New Haven | Five welfare offices[4] | Escambia County (Pensacola) | Statewide, with intensive study in eight counties[5] | Statewide, with intensive study in six welfare districts[6] | Fond du Lac and Pierce counties |
| Simplified description of time limit | 24-month benefit-reduction time limit | 21-month benefit-termination time limit | 24-month work-trigger time limit; 48-month benefit-termination time limit | 24-month or 36-month benefit-termination time limit[7] | 24-month benefit-reduction time limit[8] | 15-month or 30-month work-trigger time limit[9] | 24-month benefit-termination time limit |

NOTES: [1]FTP began with a small, three-month pilot in February 1994. Full-scale operations commenced in May.

[2]A voluntary version of FTP was initially implemented in Alachua County (Gainesville), but that pilot was discontinued.

[3]These figures represent the approximate caseload at the point when the program began operating.

[4]The offices were Carroll's Plaza, Georgetown, Hudson, Thatcher, and Williams.

[5]The counties are Clark, Lake (Gary), Madison, Marin (Indianapolis), Miami, St. Joseph (South Bend), Vigo, and Wabash. They include more than half of the state's welfare caseload.

[6]The districts are Barre, Burlington, Newport, Rutland, Springfield, and St. Albans. They include two-thirds of the state's welfare caseload.

[7]Most recipients are limited to 24 months of benefits in any 60-month period. Certain groups facing greater barriers to employment are limited to 36 months in any 72-month period.

[8]Initially, Indiana's time limit was defined as 24 calendar months. In other words, the "clock" did not stop running during months when an individual was not receiving welfare. The time limit was redesigned in 1997.

[9]The time limit is 15 months for two-parent families with an able-bodied primary wage earner and 30 months for single-parent families and two-parent families with an incapacitated parent.

Except where otherwise noted, this report refers to the programs as they were originally designed because the research results to date mostly reflect the period before changes were made.

### The Evaluations

Many studies have shown that welfare recipients often find jobs and leave welfare with or without time limits or other special welfare reform policies. This makes it difficult to determine whether changes in welfare caseloads, employment rates, or other measures that occur after a new program is implemented are driven by the new policy or would have occurred anyway.

With the exception of the Wisconsin pilot, all of the programs described above are (or were) being evaluated using random assignment, a research design that seeks to isolate the changes generated by the waiver programs.[22] Under this design, welfare applicants and recipients are assigned, by chance, to one of at least two research groups:

- One or more **program groups**, whose members are subject to the new policies being tested; or
- A **control group**, whose members are subject to the prior welfare rules. (In most cases, these prior rules require at least some control group members to participate in employment-related activities while receiving welfare.)

The members of the two groups are studied during a *follow-up period*, usually lasting several years, and their outcomes — for example, their rates of employment and welfare receipt — are compared. Because the groups are created through a random process, there are no systematic differences in the characteristics of their members when they enter the study. In addition, the groups experience the same general social and economic conditions during the follow-up period. Thus, any differences that emerge among the groups over time can be attributed with confidence to the reform policies being tested. These differences are known in the language of evaluations as *impacts*. Although random assignment research designs have important limitations (some of which are discussed below), this methodology is generally considered to be the most reliable way to study what difference, if any, a program makes.

In addition to measuring impacts, each of the studies also includes an implementation or process study that examines how the program operates at the "street level" in local welfare offices. Many of the issues discussed in this report emerged from the process studies. Finally, several of the evaluations also include a cost-effectiveness study, which will compare the financial benefits and costs of the programs from the standpoint of both government budgets and program participants.

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[22] Each of the programs included both changes that required federal waivers and changes that were allowable under federal AFDC rules. In most cases, the evaluation is assessing the impact of the full "package," including both types of policy changes.

**Limitations of the Current Knowledge Base**

Although much has been learned about welfare time limits in the past few years, the current knowledge base is limited in three important ways.

First, the report describes early results from early programs. The studies will eventually track program and control group members for four to five years, but have so far released impact results covering no more than two or three years. Because most of the states have time limits of at least two years, this means that the bulk of the information available so far comes from the "pre-time limit period" – the period before recipients could have reached the limit. Obviously, the longer-term story will be critical because it will reflect information about how families fare after reaching time limits. In addition, these early programs were implemented when the notion of a time limit was still new and unfamiliar to recipients. Some observers believe that the time-limit "message" was weakest during this period, because many recipients may not have believed that their state would actually impose the time limit as designed.

Second, few of the studies are occurring in large cities.[23] Many people believe that welfare reforms will encounter their stiffest test in large urban areas, where many long-term welfare recipients are concentrated.

Third, as discussed further in Chapter 4, the random assignment research designs used in these studies – while quite reliable – have important limitations. For example, the studies cannot assess whether the programs have affected the number of people who apply for welfare. More generally, the results may represent a conservative estimate of the programs' impacts; while it is feasible to avoid applying new rules to control group members, it is impossible to fully insulate them from the broad changes in attitudes about welfare that have accompanied (and, in some cases, preceded) specific policy changes over the past few years. Thus, the studies cannot measure impacts that are driven by these general changes in the welfare message. Finally, most of the studies are designed to measure the impact of the states' full welfare reforms, not to isolate the impacts of time limits per se.

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[23]The largest city included in any of the studies is Phoenix, Arizona. The largest city in any of the studies of a benefit-termination time limit is New Haven, Connecticut.

Chapter 2

# How Are Time Limits Designed?

It is clear from the previous discussion that welfare time limits look quite different from state to state. This chapter discusses some of the issues states have encountered in designing time-limit programs, focusing first on the time-limit policies themselves and then on the interactions between time limits and other work-focused policies.

## The Many Varieties of Time Limits

Perhaps the most striking aspect of the early experience with time-limited welfare is the diversity of states' approaches. In fact, the states' interpretations are so disparate that the term "time limit," by itself, is not very useful in describing a state's policy. This diversity is reflected in the seven waiver programs, the time-limit policies of which are summarized in Table 2.1.

National data indicate that the states discussed in this report, and the variation among them, also reflect the national picture – at least in the early years of TANF implementation.[1] As of late 1997, more than 40 states had imposed a benefit-termination time limit. In 19 of these states, the limit is less than 60 months (one state, Iowa, has individualized time limits).[2] A number of states (including several of the largest) had not imposed benefit-termination time limits; they intend to use state funds to support either children or entire families beyond the 60-month point, if necessary.[3] With exemptions in place in other states (discussed below), it seems likely that less than half of all welfare cases in the United States are subject to a benefit-termination time limit at this point.

A closer look at some of the largest states' policies reveals the diversity discussed above:

- California, Michigan, New York, and Texas – four states that together cover more than 40 percent of the national welfare caseload – have not imposed benefit-termination time limits. California will cancel only the adult's portion of the grant after 60 months, while New York will provide benefits to the entire family after 60 months, but only in the form of vouchers or other restricted payments. Texas imposes 12-, 24-, or 36-month time limits, depending on client

[1] The national data in this chapter are drawn from Gallagher et al., 1998; National Governors' Association, 1998; and discussions with state officials.

[2] There is no limitation on the use of federal TANF funds to support families who are exempt from, or receive extensions of, state-imposed time limits of less than 60 months, as long as these families have not exceeded the federal 60-month limit.

[3] Michigan has no time limit, while Vermont has the work-trigger time limit described in this report. California, Maryland, Texas, and Rhode Island have benefit-reduction time limits in which only the adult's portion of the grant is canceled at the limit. New York will provide benefits to the entire family after the time limit, but only in the form of vouchers or other restricted payments.

## Table 2.1

### Key Features of the Time-Limit Policies in the State Waiver Programs Discussed in This Report

| Feature | *Arizona* EMPOWER | *Connecticut* Jobs First | *Delaware* A Better Chance (ABC) | *Florida* Family Transition Program (FTP) | *Indiana* | *Vermont* Welfare Restructuring Project (WRP) | *Wisconsin* Work Not Welfare (WNW) |
|---|---|---|---|---|---|---|---|
| Length of time limit | 24 months in any 60-month period[1] | 21 months | 24 months (work trigger)<br>48 months (benefit termination) | 24 months in any 60-month period for most recipients<br>36 months in any 72-month period for certain groups facing greater barriers to employment | 24 calendar months[2] | 30 months for single-parent cases<br>15 months for two-parent cases | 24 months in any 48-month period, followed by 36 months of ineligibility for all nonexempt recipients |
| Consequences of reaching the time limit (if no exemption or extension) | Adult's portion of the grant is canceled[1] | Entire grant is canceled | Work required after 24 months; community service jobs provided<br>Entire grant is canceled after 48 months; family barred from assistance for 8 years[3] | Entire grant is canceled | Adult's portion of the grant is canceled for 36 months[2] | Recipient is required to work; state provides community service jobs if necessary | Cash benefits ended for 36 months[4] |

NOTES: [1]Arizona also imposed a 60-month lifetime time limit in 1996. The newer time limit applies to full families, not just adults.

[2]Initially, Indiana's time limit referred to 24 calendar months — that is, the clock did not stop when a client left welfare. In mid-1997, Indiana imposed a 60-month lifetime time limit for full families and redesigned the 24-month time limit for adults.

[3]Any additional assistance after the eight years of ineligibility is subject to the federal TANF program's five-year lifetime limit.

[4]The Work Not Welfare pilot was discontinued before any recipients reached the time limit.

characteristics, but the clock does not start until the recipient is notified of an opening in the state's welfare-to-work program, and only the adult's portion of the grant is canceled at the time limit. Michigan has not imposed a time limit.

- Florida restricts recipients to 24 months of assistance in any 60-month period, or 36 months in any 72-month period, depending on client characteristics. The state has also imposed a 48-month lifetime limit for all nonexempt families.

- Illinois has imposed a 60-month benefit-termination time limit, but does not count toward the time limit months in which the recipient is working at least a certain number of hours per week.[4]

The rest of this chapter focuses on the seven waiver programs discussed in this report, describing some of the key areas in which state policies vary and examining some of the implications of different approaches.

### The Length and Design of the Time Limit

Obviously, if all else is equal, the shorter the time limit, the more likely recipients will be to reach it. Among the programs discussed in this report, the length of the time limit ranges from 21 months in Connecticut to 48 months in Delaware (Delaware requires work after 24 months). A mixture of substantive and political concerns has influenced the length of the limits in these programs.

Recognizing the diversity of the welfare caseload, both Florida and Vermont established different time limits for different groups of recipients. Vermont's time limit is 30 months for single-parent families, but only 15 months for two-parent families, who are presumed to have greater resources to balance the provider and nurturer roles.[5] Florida imposed a longer time limit for certain groups of clients facing greater barriers to employment, on the assumption that these recipients may need more time to prepare for self-sufficiency.[6]

Some of the states' policies are also designed to reflect the fact that many recipients cycle on and off welfare. For example, the Arizona and Florida policies limit recipients to 24 months of receipt in any 60-month period.[7] Vermont's work-trigger time limit is 30 months for single-parent cases, but the state allows recipients to earn credits for extended periods of time spent off welfare or working while on welfare.[8]

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[4]Illinois also has a 24-month time limit that applies only to recipients with no children under age 13.

[5]Two-parent families in which one parent is incapacitated face the same time limit as single-parent families.

[6]FTP participants were assigned a 36-month time limit if they: (1) had received AFDC for at least 36 of the 60 months prior to enrollment, or (2) were under age 24 and had no high school diploma and little or no recent work history. About 40 percent of participants met the criteria for a 36-month time limit.

[7]As noted earlier, both states have more recently imposed lifetime limits in addition to the "periodic" limits discussed here.

[8]Recipients earn a six-month credit each time they spend 12 continuous months either off welfare or working (and earning at least $150 per month) while on welfare.

### The Consequence of Reaching the Time Limit

The variation on this dimension reflects the diverse definitions of the term "time limit," discussed earlier. Vermont's is a true "work-trigger" time limit, while the Connecticut, Florida, and Wisconsin programs are pure "benefit-termination" models.

The others lie somewhere in between: The Arizona and Indiana programs reduce benefits at the time limit by canceling the adult's portion of the grant,[9] and Delaware's model imposes a work requirement at two years and terminates benefits at four years.

The implementation challenges are obviously quite different in a program like Vermont's, in which the state must be prepared to provide jobs for recipients who reach the time limit without finding work, than in a program with a benefit-termination time limit. Similarly, the risks for recipients are probably much higher in a benefit-termination program than in a work-trigger program or a benefit-reduction model.

### Exemption and Extension Policies

Although all the states allow for exceptions to the time limit, they have approached this issue differently.[10] Table 2.2 describes the exemption and extension policies in Connecticut, Florida, and Indiana in order to illustrate some of the choices the states have made.[11]

**Exemptions versus extensions**. At the broadest level, the states needed to determine the appropriate balance between "upfront" exemptions and "backend" extensions.[12] Stated in oversimplified terms, their task was to decide whether to exempt a substantial number of recipients from the time limit upfront — that is, to stop or never start their clocks — or to apply the time limit to most recipients initially, focusing more on extensions or other special policies for clients who reach the "cliff."[13]

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[9]As discussed earlier, both states eventually imposed 60-month benefit-termination time limits for full families in addition to the shorter time limit applying only to adults.

[10]Although the seven waiver states all developed detailed exemption and extension rules, many other states have not done so. See Schott, 1998.

[11]Under HHS's proposed TANF regulations, states with waivers need not count months against the federal time limit during a period in which the adult is exempt from the state's time limit under the waiver provisions. In addition, as noted earlier, there is no prohibition on the use of TANF funds to support recipients who are exempted from state time limits of less than 60 months. Thus, the exemption policies discussed in this report have continuing relevance under TANF.

[12]This report uses the term "exemption" to refer to policies that excuse certain groups of recipients from the time limit altogether; while an exemption applies, months of assistance do not count toward the time limit. In contrast, "extensions" allow families to continue receiving assistance after they have exhausted their allotted months (that is, reached the time limit). Some states do not define the terms in this way.

[13]The federal TANF time limit does not draw this distinction. It allows states to provide federally funded assistance to recipients who have received assistance for more than 60 months, as long as they do not exceed 20 percent of the caseload. These could be clients who were not subject to a time limit because the state does not have one, clients who were exempted from the time limit upfront, or clients who were granted extensions when they reached the limit. (The TANF provision will not have any direct fiscal impact until 2001, when recipients start to pass the five-year limit.)

## Table 2.2

### Time-Limit Exemption and Extension Policies in Connecticut, Florida, and Indiana

| Categories and Conditions | *Connecticut* Jobs First | *Florida* Family Transition Program | *Indiana* |
|---|---|---|---|
| Categories of cases that are exempt from the time limit | Cases in which all adults are:<br>• incapacitated or caring full time for an incapacitated family member<br>• age 60 or older<br>• caring for a child under age 1, if the child was not conceived while the parent received welfare<br>• pregnant or post-partum if a physician determines they are unable to work<br>• caretaker relatives who are not included in the grant<br>• unemployable[1] | Cases headed by an individual who is:<br>• incapacitated or disabled<br>• caring full time for a disabled dependent<br>• a caretaker relative whose needs are not included in the grant<br>• a parent caring for a child 6 months old or younger who was conceived before the mother entered FTP<br>• age 62 or older<br>• under 18 years old and enrolled in school or working 30 hours per week | Cases headed by an individual who is:[2]<br>• ill, incapacitated, or caring for an ill or incapacitated household member<br>• pregnant<br>• caring for a child under age 3, if the child was not conceived while the mother received welfare<br>• determined not to be job ready[3] |
| Conditions under which extensions are granted | Renewable 6-month extensions for clients who make a good-faith effort to find employment but have household income below the welfare payment standard when they reach the time limit, or at any point thereafter.<br><br>Extensions also granted to clients who have circumstances beyond their control that prevent them from working. | Up to two extensions of up to 4 months for participants who have substantially met the requirements of their self-sufficiency plan and have encountered extraordinary difficulties in obtaining employment.[4]<br><br>The children's portion of a family's grant is retained if cancellation of the full grant would put the children at substantial risk of being placed in emergency shelter care or foster care. | Extension may be granted if:<br>• a temporary and verified physical or mental condition prevents the individual from attaining or maintaining employment<br>• despite all appropriate efforts, the individual has been unable to obtain or has lost (with good cause) employment that would provide net income equal to or greater than the welfare grant<br>• the state has substantially failed to provide the services specified in the individual's self-sufficiency plan<br>• welfare director determines there exist unique circumstances which prevent the individual from obtaining or retaining employment |

NOTES: [1]Recipients are considered to be unemployable if they are age 40 or older, unemployed, have not completed grade 6, and have not worked for more than six consecutive months in the past five years. This exemption is not determined until the individual has received benefits for 20 months.

[2]This described the exemptions in effect prior to June 1997. The exemption criteria were narrowed at that point.

[3]Clients are considered job ready if their "employability score" is above a certain level. The score is based on a series of questions about education, work experience, and family problems.

[4]Post-time limit subsidized jobs are provided to recipients who diligently complete their self-sufficiency plan but are unable to find employment at the end of the time limit or become unemployed after becoming ineligible.

Although these approaches have the same general result – they allow some recipients to receive benefits for more months than are allowed under the time limit – they have very different operational implications. Granting many upfront exemptions may reduce the number of recipients who must be provided with employment-related services (assuming that such help is most critical for recipients facing a time limit), minimize the number who reach the time limit without employment, and prevent some categories of very disadvantaged recipients from worrying unnecessarily about whether their benefits will be canceled. But this approach presumes that states can predict in advance who will reach a time limit without finding work, which is not at all certain.

On the other hand, if *fewer* recipients are exempted upfront, more will reach the time limit, putting pressure on the state to develop efficient and equitable procedures for reviewing large numbers of cases to determine who should receive extensions or other special policies targeted to clients who reach the limit.

In addition, exemptions and extensions can have different implications for individual recipients whose circumstances change over time. For example, a recipient in a state with a two-year time limit might be incapacitated for 23 months, but healthy in month 24. If her state provided exemptions for incapacitation, she would have used only one month of her clock.[14] If her state offered no such exemptions, she would be at the time limit, and presumably would not receive an extension. Although she would be physically able to work, she would likely have missed the opportunity to have two years to prepare for self-sufficiency.

Finally, states' choices regarding exemptions may have important fiscal implications, depending on how their TANF program is structured.[15]

Indiana and Connecticut illustrate two quite different approaches. Indiana initially applied its time limit only to recipients who were both mandatory for welfare-to-work services and deemed job ready – less than one-third of the total caseload.[16] One could assume that a large proportion of these recipients would be able to leave welfare before reaching the time limit. Connecticut exempted relatively few recipients upfront – about three-fourths of the state caseload were subject to the time limit in late 1997 – but, as discussed below, a substantial fraction of the cases that reach the time limit receive extensions.[17]

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[14]This report uses feminine pronouns because most welfare cases are headed by mothers.

[15]States can choose to exempt certain categories of recipients and pay for their assistance with "segregated" state funds that count toward the TANF maintenance of effort (MOE) requirements. (In order to receive its full TANF block grant, a state must continue to spend non-federal funds at no less than 80 percent of a "historic spending level" based on fiscal year 1994 spending.) If a state designs its program in this way, months of assistance accrued by these families do not count toward the 60-month TANF time limit. This strategy could reduce the number of families reaching the 60-month limit. For more details, see Schott, 1998.

[16]As noted earlier, the state later narrowed its exemption criteria, substantially expanding the proportion of the caseload subject to the time limit.

[17]Connecticut's caseload began to decline rapidly in late 1997, when recipients began to reach the time limit. Since that time, the proportion of the caseload subject to the time limit has dropped (because nonexempt cases have been leaving the rolls in large numbers). By fall 1998, fewer than two-thirds of the caseload were subject to the limit.

**The criteria for exemptions and extensions.** These criteria reflect a program's underlying philosophy – its basic assumptions about which categories of recipients should receive continued support and which should be expected to support themselves without cash assistance.[18]

In several of the waiver states, the criteria for exemptions from the time limit are similar or identical to the criteria that exempt recipients from mandatory participation in employment-related activities. In other words, clients are exempt from the time limit during periods when they are not required to participate. Prior to the 1996 federal law, certain categories of recipients, such as those caring for children under age 3 (or under age 1 at state option) were exempt from mandatory participation in employment-related activities under the Job Opportunities and Basic Skills Training (JOBS) program. However, as part of their waivers, several states received permission to narrow the range of exemptions from mandates and, by extension, from the time limit.[19]

Some issues are fairly clear-cut. For example, one large subset of welfare households – so-called "child-only" cases, in which no adult is counted in the grant calculation – is not subject to time limits in any of the states (and is also exempt from the federal TANF time limit).[20] Child-only cases include, for example, those in which children are being cared for by a non-needy relative who is not legally responsible for them, cases in which the parent is disabled and receives Supplemental Security Income (SSI), and cases in which the parent is an illegal immigrant (and thus not eligible for assistance) but the children are U.S. citizens. The proportion of child-only cases has grown rapidly in recent years, perhaps because these cases have been relatively less likely to leave welfare as the overall caseload has declined. Nationally, such cases now account for nearly one-fourth of the TANF caseload; in some states, such as Florida, they account for more than one-third of the total.[21]

All of the states discussed in this report also provide either exemptions or extensions for recipients who are over a certain age (usually 60), and for at least some clients who are caring for very young children, although the specific age varies and these provisions often do not apply to children conceived while the mother received welfare.

The states also exempt recipients who are incapacitated or caring for incapacitated family members. Although these exemptions generally require a statement from the client's physician or another health care professional, these situations are often far from clear-cut. As discussed be-

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[18]The federal TANF time limit does not include specific criteria for exemptions; rather, it applies the 20 percent cap mentioned above.

[19]Under TANF, states are permitted to exempt single parents with children under age 1, and to exclude them from the "base" when calculating the proportion of recipients who are meeting federally mandated requirements to engage in work activities (but these families are not exempt from the 60-month time limit). Otherwise, the calculation includes all families receiving assistance that include an adult, minus those being sanctioned for not participating in employment-related activities. (Sanctioned cases are excluded for only three months in a 12-month period.)

[20]Under the 1996 welfare law, states may not use TANF funds to provide assistance to a family that includes an adult who received "assistance under any state program funded under this part attributable to funds provided by the federal government" for 60 months (whether or not consecutive) after the date the state program funded under the block grant begins. In child-only cases, no adult receives assistance.

[21]Burke, 1998.

low, staff report that many recipients fall into a gray area: They have physical or emotional problems that create barriers to employment, but there are differing views about whether these issues are severe enough to warrant an exemption. Some states, including Vermont, expect at least some incapacitated clients to take steps toward self-sufficiency even though they may be formally exempt from the time limit.[22]

Finally, perhaps prompted by the terms and conditions of their federal waivers, most of the states include some special provisions for clients who "play by the rules" but cannot find jobs or other sources of support by the time they reach the time limit. Typically, these provisions apply to families that have income below the welfare payment standard – the maximum grant for their family size – when they reach the time limit.[23] For example:

- Connecticut grants (renewable) six-month extensions to clients who make a "good-faith effort" to find employment but have family income below the welfare payment standard when they reach the time limit, or at any point thereafter. Clients who are deemed not to have made a good-faith effort may still receive an extension if there are "circumstances beyond the client's control" that prevent her from working at the point she reaches the time limit.

- Florida's Family Transition Program offers a maximum of two benefit extensions of up to four months each to clients who have "substantially met the requirements of their self-sufficiency plan and have encountered extraordinary difficulties in obtaining employment."[24] In addition, FTP promises to provide a post-time limit subsidized job to each recipient who has "diligently completed her (or his) self-sufficiency plan, but has been unable to find employment at the end of the AFDC benefit time limit or has become unemployed after becoming ineligible for benefits."

- Indiana offers extensions when, "despite all appropriate efforts, the individual has been unable to obtain or has lost (with good cause) employment that would provide the family with net income equal to or greater than that which the family would receive from the AFDC grant."

These policies are the most ambiguous of all: Their real-life implications depend on how subjective terms such as "good-faith effort," "diligent," "extraordinary," and "appropriate" are defined. Here again, state approaches vary: Some states have created relatively clear-cut definitions of such terms, while others have kept the definitions vague. The latter approach has several advantages. Loosely defined criteria allow a program to respond to individual circumstances; no planner can possibly anticipate all of the situations that will emerge as recipients reach the time

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[22]Recipients who are not permanently exempt from the post-time limit work requirement, but are unable to work for at least four months, must be required to participate in rehabilitation, education, or training during the exemption.

[23]Generally, a $90 work expense allowance is deducted for each employed family member when calculating family income at the time limit.

[24]The self-sufficiency plan outlines the activities the client is expected to participate in during her time in the program.

limit. In addition, if the criteria are not spelled out, recipients will always be uncertain about whether they will meet them, and may be more likely to focus their energies on finding a job, rather than on trying to fit the criteria for an extension. On the other hand, as discussed further below, vague definitions may be more difficult to apply equitably and consistently.

Connecticut and Florida represent different approaches. Florida's FTP has no specific, written definition of "diligence." The program makes case-by-case determinations for each recipient reaching the time limit. As discussed below, several layers of review have been created to try to ensure consistency. In contrast, Connecticut has a fairly clear-cut definition of "good-faith effort" that can be applied by welfare eligibility workers during a single "exit interview" held in the 20th month of benefit receipt. Clients are generally considered to have made a good-faith effort unless they were sanctioned more than once for failing to meet program requirements or quit a job without good cause in the six months prior to reaching the limit.[25] However, Connecticut's policy also includes a more flexible safety valve for recipients who are considered not to have made a good-faith effort: The definition of "circumstances beyond control" leaves room to respond to individual circumstances.[26]

In the end, however, how the policies are implemented is just as important as how they are written. The implementation of exemption and extension policies is discussed in Chapter 3.

### Special Policies for Families Whose Benefits Are Canceled

Time limits on cash assistance do not directly affect families' eligibility for Food Stamps or Medicaid. Thus, most families whose benefits are canceled at the time limit can continue to receive these other forms of public assistance if otherwise eligible. In practice, however, some families may not realize that they are still eligible for these programs, or may not understand the steps they need to take in order to continue receiving assistance after their cash grant is canceled. For example, a client who believes (incorrectly) that the time limit applies to Food Stamps as well as cash assistance might fail to show up for an appointment that is necessary to recalculate her Food Stamp benefits; in response, the welfare agency would likely cancel her Food Stamp benefits.

Some states have designed new policies or programs specifically targeted to families whose benefits are canceled. For example, Connecticut has created a Safety Net program for clients who lose their benefits and have income below the welfare payment standard (because they were deemed not to have made a good-faith effort to find employment). Nonprofit organizations have been contracted to link these families with existing community services to ensure that their

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[25]Specifically, a client is assumed not to have made a good-faith effort if she failed the work test (indicating that she did not participate in an assigned self-directed job search) and had one sanction for failing to comply with employment-related mandates during the first 20 months; or had two or more sanctions; or quit a job, refused a job, reduced her hours of employment, or was fired for willful misconduct in the last six months of assistance.

[26]Circumstances beyond control are defined as "events that happen to the family which are of such magnitude that they reasonably prevent a mandatory participant from working or working more hours when an extension is requested. Events include, but are not limited to: prolonged illness, disaster such as flood or fire, loss of housing, and domestic violence."

basic needs are met; if community resources are not available, the contracted agencies may provide vouchers to help pay for food, clothing, or shelter. About 250 cases had been referred to the safety net program statewide as of mid-1998. The state also created a special program to provide temporary rental assistance to some of the families whose grants were canceled because they had income over the payment standard.

Florida's Family Transition Program is committed to providing subsidized or public jobs to recipients who comply with program rules but reach the time limit without a job although, as discussed in Chapter 3, no clients had qualified for one of these positions as of mid-1998. Similarly, Wisconsin's Work Not Welfare pilot included a provision for vendor shelter payments to prevent homelessness of children in families whose grants were canceled at the time limit; however, the pilot was discontinued before anyone reached the time limit.

Finally, some of the programs' extension policies are designed to address the fact that a participant's status in the final month of benefit receipt may have little to do with how her family fares over time. Some people who are employed on their termination date – and thus seen as success stories not in need of further assistance – will lose their jobs shortly thereafter. Conversely, some who do not have jobs when their grants are canceled will find one later. Thus, for example, in Connecticut, clients who are denied extensions because they have income above the welfare payment standard when they reach the time limit may request an extension later if their income drops (for example, because they lose a job through no fault of their own). As discussed below, some clients have already taken advantage of this provision.[27]

## Complementary Policies

Few states have implemented time limits without making other changes in their welfare programs. Time limits are typically embedded in a set of complementary policies designed to encourage and require recipients to prepare for and find jobs. In fact, the existence of the time limit tends to raise the stakes and put added pressure on welfare agencies to implement effective welfare-to-work strategies. As discussed earlier, there are strong incentives for states to minimize the number of recipients who reach the time limit without jobs or other sources of support.

As shown in Table 2.3, the complementary policies in the seven waiver programs typically include both additional "carrots" to reward recipients who go to work and "sticks" to penalize those who do not take steps toward self-sufficiency. The general categories include:

- **Broader and tougher participation requirements**. As part of their waivers, most of the states expanded the share of the caseload required to participate in employment-related activities (as noted above, the time limit typically applies

[27]As the earlier description shows, Florida's FTP includes a similar provision: Public or subsidized jobs are to be offered to recipients who "become unemployed after becoming ineligible for benefits." However, the program does not appear to have been implemented in this manner. Compliant participants who reach the time limit employed and earning above the welfare payment standard are not considered to be eligible for further cash assistance until their required period of ineligibility ends.

## Table 2.3

### Selected Policies Implemented Along With Time Limits in the State Waiver Programs Discussed in This Report

| Feature | *Arizona* EMPOWER | *Connecticut* Jobs First | *Delaware* A Better Chance (ABC) | *Florida* Family Transition Program (FTP) | *Indiana* | *Vermont* Welfare Restructuring Project (WRP) | *Wisconsin* Work Not Welfare (WNW) |
|---|---|---|---|---|---|---|---|
| Financial work incentives[1] | Two years of transitional child care and Medicaid<br>The first $90 plus 30% of any remaining earned income disregarded[2] | Two years of transitional Medicaid<br>All earned income disregarded as long as earnings are below federal poverty level | "Fill the gap" budgeting method allows working recipients to keep more of benefits than under prior rules | Two years of transitional child care<br>The first $200 plus 50% of any remaining earned income disregarded | "Fixed" grant provision: cash grant reduced according to traditional rules at job entry, but then remains fixed if earnings increase[3] | Three years of transitional Medicaid<br>The first $150 plus 25% of earned income disregarded | The first $120 plus one-sixth of any remaining earned income disregarded |
| Work/participation requirements | Mandatory participation in employment activities | Mandatory participation in employment services targeted to rapid employment, stricter penalties for noncompliance | Mandatory participation in "Work First" employment activities; stricter penalties for noncompliance | Mandatory participation in employment services emphasizing skill-building[4] | Mandatory participation in "Work First" employment services; stricter penalties for noncompliance | Participation in employment services is voluntary for single-parent families until two months before time limit | Recipients required to earn their benefits through participation in employment activities; education and training generally limited to first year |
| Other features | Family cap: no benefit increase for children conceived while mother received welfare | Partial family cap: smaller benefit increase for children conceived while mother received welfare<br>"Redirected" child support payments; first $100 per month is disregarded | Family cap: no benefit increase for children conceived while mother received welfare<br>Parental responsibility mandates: recipients required to ensure that children are immunized and attending school | Intensive case management provided by staff with small caseloads<br>Special health services, mental health counseling, social services, etc.<br>Parental responsibility mandates: recipients required to ensure that children are immunized and attending school | Family cap: no benefit increase for children conceived while mother received welfare<br>Parental responsibility mandates: recipients required to ensure that children are immunized and attending school | "Redirected" child support payments | Enhanced case management services; social workers assigned to "at-risk" families<br>Family cap: no benefit increase for children conceived while mother received welfare<br>Food Stamps "cashed out" and provided, along with cash assistance, in a single grant<br>"Redirected" child support payments |

(continued)

to recipients who are required to participate in activities). Several also increased the severity of penalties for those who fail to meet these requirements without good cause (see box). In addition, several states reoriented their employment programs toward a "work first" focus that emphasizes rapid job placement rather than upfront education or job training.

- **Financial work incentives**. These include changes in welfare rules such as instituting or increasing an earned income disregard (under which a portion of earned income is not counted in calculating monthly welfare grants) and extended "transitional" child care subsidies and/or Medicaid coverage for clients who leave welfare for work.

- **Parental responsibility mandates**. These policies may include school attendance requirements for children, immunization mandates, and/or "family cap" policies under which recipients are denied a benefit increase for additional children conceived while they receive welfare.

- **Expanded services**. Programs may provide counseling, substance abuse treatment, support services, health services, parenting classes, post-employment support, or other special services. Some states expanded the number of staff so that workers can provide more personalized attention to clients facing time limits.

More generally, several of the states have sought to reorganize and retrain line staff in order to change the day-to-day message that the welfare system sends to recipients; they hope to shift from a focus on income maintenance to a focus on helping recipients become self-sufficient.

Although each state's program has a different combination of features, one key distinction is between the two pilot programs (Florida and Wisconsin) and the five statewide programs. In both of the pilot programs, substantial resources were devoted to expanding staffing levels and services. Recipients were assigned an intensive schedule of activities, participation was closely monitored, and staff had frequent one-on-one contact with clients. This expensive, labor-intensive approach is less feasible in a statewide program. Indeed, Florida's statewide TANF program deemphasizes these features of the Family Transition Program, and none of the statewide waiver programs discussed in this report had comparable increases in staffing or service levels.

Another area of variation is in the philosophy of the programs' employment services. With the exception of Vermont's, all of the programs require a broad range of recipients to participate in employment-related activities while on welfare. To varying degrees, Connecticut, Delaware, Indiana, and Wisconsin all sought to shift the emphasis of their employment programs from long-term education and training activities toward services geared to rapid employment (a "work first" focus). Connecticut was particularly aggressive in this regard, requiring virtually all recipients to participate in job search activities before enrolling in training or education. Florida's FTP, at least in its early months of implementation, took a different approach, assigning a large

fraction of participants to skill-building activities.[28] Similarly, in Vermont, where single parents are not required to participate in employment activities until two months before they reach the time limit, the state's welfare-to-work program has maintained a strong emphasis on education and training.

### Time Limits and Full-Family Sanctions

During the past few years, as they have imposed time limits, many states have also expanded the number of recipients subject to employment-related mandates and have toughened the penalties for those who fail to comply with these requirements. Most states have begun to impose "full-family sanctions," which cancel the entire welfare grant, at least temporarily, in response to repeated instances of noncompliance.[1] Recent newspaper reports suggest that such sanctions now account for a substantial fraction of welfare case closures in some states.[2]

Theoretically, full-family sanctions and time limits are different: The former penalize noncompliance, whereas the latter limit welfare stays regardless of a recipient's level of compliance. But the line between them begins to blur if a time limit includes exemptions or extensions for recipients who "play by the rules" but are unable to find jobs. In such cases, both policies act to link eligibility for benefits with a recipient's level of compliance with program rules.

Aggressive implementation of full-family sanctions might also affect the number and type of recipients who eventually reach a time limit. For example, if a state imposed full-family sanctions on many "noncompliant" recipients, the group reaching the time limit might include mostly compliant clients, possibly resulting in a high rate of extensions.

[1]Under the federal welfare law, states are supposed to reduce assistance "at least pro rata" with respect to the period of noncompliance or terminate assistance.
[2]Vobejda and Havemann, *Washington Post*, March 23, 1998, p.1.

In many cases, the complementary policies were expected to increase costs in the short term; states anticipated that they would recover these costs once recipients began to leave welfare in large numbers either at the time limit or before. However, in reality, these upfront costs have

[28]Seventy-six percent of early FTP enrollees who participated in an employment activity within 18 months after enrollment entered an education or training program.

been difficult to see because overall welfare caseload declines – which may or may not be driven by the welfare reforms – have reduced welfare spending in nearly all states.[29]

### Complex Interactions

Although most of the complementary policies are designed to further the same goal as the time limit itself – encouraging recipients to reduce their reliance on welfare – complex interactions may result.

The clearest example is financial work incentives. Many states have developed policies to "make work pay" by supplementing the income of welfare recipients who take low-wage jobs. These policies aim to increase the incentive for clients to take jobs and to ease the transition from welfare to work. Although a few states supplement the income of all low-income working families – for example, through state earned income tax credits – most provide special supports to families on welfare in the form of increased earned income disregards.

By disregarding (that is, not counting) all or some of a client's earned income, these policies allow recipients to earn more without losing eligibility for cash assistance. Although these policies raise the income of some low-wage working families, and may spur some people to take or keep jobs, they also keep families on welfare longer, and each month in which they receive even a partial benefit counts toward the time limit. As shown in Table 2.3, the seven programs discussed in this report all either extended or expanded earned income disregards (relative to prior rules), or implemented similar policies that allow recipients to earn more without losing eligibility for benefits.[30] Connecticut's earned income disregard stands out, both for its generosity and for its unusual design (a recipient would keep her entire welfare grant if her earnings were one dollar below the poverty level, and would lose her entire grant if her earnings rose by one dollar).

Some would argue that families mixing work and welfare are "playing by the rules," using welfare to supplement rather than supplant earned income, and should not be subjected to time limits. Indeed, as noted earlier, at least one state (Illinois) does not count toward the time limit months in which recipients are employed more than a certain number of hours per week. On the other hand, others argue that the government should not provide this type of supplement indefinitely (at least not through the welfare system), and that a time limit encourages recipients to raise their hours of employment in order to become fully independent of cash assistance.

## Getting the Full Picture

In order to get the full picture of a state's time-limit policy, it is necessary to consider the program as a whole: the nature of the time limit itself, the consequences of reaching the limit, the criteria for exceptions, and the complementary policies. Looking at any one feature in isolation

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[29]Random assignment evaluations can isolate costs that are actually attributable to a new policy.

[30]Arizona implemented its disregard in a program redesign in August 1997.

can create a distorted picture. For example, a state might impose a short time limit, but allow many exemptions or extensions. A state that imposed a longer time limit but allowed fewer exceptions might actually have a "tougher" policy. The same might be said for a state that imposed *no* time limit, but readily used full-family sanctions to enforce participation requirements.

Ultimately, however, even understanding the various policies and their interaction is not sufficient because the reality of a time-limit program depends on how it is actually implemented. As will be discussed in the next chapter, policies that look similar on paper may be implemented quite differently in practice.

Chapter 3

# How Are Time Limits Being Implemented?

The earliest time-limit programs have been operating for nearly five years – long enough to have accumulated a wealth of implementation experience. This chapter discusses five key issues related to the implementation of such programs: deciding on phase-in strategies, conveying the time-limit message, tracking the clock, determining when exemptions apply, and handling cases that reach the time limit.

## Deciding on Phase-In Strategies

If a family begins receiving welfare after a time limit is imposed, the "clock" generally begins running with the first month of benefit receipt (assuming that no exemption applies). However, states can choose different strategies for phasing in the "on-board" caseload – the families who were already receiving assistance when the time limit took effect. This is an important group, because it is likely to include many long-term recipients, who may have the most difficulty leaving welfare quickly.[1] Most of the waiver programs chose to phase in the on-board caseload gradually: Recipients' clocks were started when they came to the welfare office for a semi-annual or annual appointment to have their eligibility reviewed (often called a "redetermination"). In other states, the entire on-board caseload was phased in simultaneously: Everyone's clock began running on the same day.

There are several advantages to a more gradual phase-in. Most important, if everyone's clock begins on the same date, all of the clients who receive benefits continuously will reach the time limit simultaneously. If the state's policy includes provisions for extensions or other exceptions, it could be quite difficult to review large numbers of cases approaching the time limit in a short period. In addition, if many families' benefits are canceled simultaneously, there might be heavy demand for assistance from social service organizations or other community resources. A gradual phase-in reduces the magnitude of these potential problems by "spreading out" the recipients subject to the time limit. It is important to note, however, that the federal five-year limit makes no provision for a gradual phase-in; the law restricts states from using federal funds to assist families that receive benefits for more than 60 months from the date the state's TANF program begins.

[1] Although most people who enter the welfare rolls leave relatively quickly, those who do not tend to accumulate on the rolls. Thus, a "snapshot" at any particular moment would find that a large proportion of current recipients have been on welfare a long time.

**Table 2.3 (continued)**

NOTES: This table generally focuses on policies that were substantially different from prior AFDC rules.

[1]Under AFDC rules, one year of transitional child care assistance and one year of transitional Medicaid coverage were provided to clients leaving welfare for work. The first $120 plus 33 percent of any remaining earned income was disregarded during the first four months of employment; the first $120 was disregarded during months 5 to 12; and the first $90 was disregarded thereafter.

[2]This policy took effect after August 1996.

[3]This policy was discontinued in 1997.

[4]In 1995, FTP's employment services were reoriented to focus more heavily on rapid employment.

## Conveying the Time-Limit Message

As discussed earlier, administrators have strong incentives to try to reduce the number of recipients who reach time limits unprepared for self-sufficiency. In part for this reason, states have typically implemented a variety of other work-focused policies along with time limits.

However, previous research has found that such work-focused policies do not, by themselves, come close to ending long-term welfare receipt. Thus, many hope that the pressure of the time limits themselves will spur recipients to move toward self-sufficiency well before they exhaust their months of benefit receipt. A time limit's ability to motivate recipients to alter their behavior during the "pre-time limit" period is likely to depend on whether and how the policy is communicated to recipients in their day-to-day interactions with welfare staff. Research conducted in the waiver programs has identified several issues relating to the way the time-limit message is transmitted to recipients.

One issue is critical to interpreting the discussion below: Because most of the time-limit programs have not been operating very long, many of the available data on program implementation were collected before the first recipients had reached each program's time limit. This early period in the life of a time-limit program is unusual because staff and recipients do not yet know how the time limit will be implemented – for example, whether many families will receive extensions. This uncertainty probably affects how staff discuss the time limit and how recipients perceive it. Once people begin to reach the time limit, the uncertainty may begin to fade. While it is unusual in some ways, this early period is quite important because the on-board caseload tends to experience a time-limit program just after it begins operating. As noted earlier, this group is likely to include many long-term welfare recipients.

### Communicating and Reinforcing the Time-Limit Policy

Although all programs routinely inform clients about the existence of the time limit, different programs place varying degrees of emphasis on this message. At a minimum, recipients are informed about the time limit when their clock starts. Individuals applying for welfare are typically informed about the limit by a welfare eligibility worker during their initial application interview. If the on-board caseload is phased in gradually, recipients would likely be told about the time limit by their eligibility worker during the eligibility review at which they are enrolled into the program. Some states have prepared scripts to help workers describe the time-limit rules, and some also hold group orientation sessions to introduce clients to the new policies. (If the entire on-board caseload is phased in simultaneously, recipients would have to be informed about the time limit by mail or through some other means.)

After the initial introduction, most programs attempt periodically to remind clients about the time limit. Such reinforcement may be critical because, as discussed below, many recipients are likely to view the time limit as a distant concern when they are still far from reaching it.

Some of the waiver programs, such as the Florida and Wisconsin pilot projects, have been heavily staffed; workers had small caseloads and met with clients frequently. In this environment, staff had many opportunities to remind clients about the time limit and reinforce the mes-

sage. In addition, these programs took steps to ensure that the two main workers assigned to each client – the welfare eligibility worker and the employment services worker (previously called the JOBS worker) – work closely together and coordinate their efforts.[2] Employment staff can reinforce the time-limit message when they speak with recipients.

In statewide programs, where it may not be feasible to substantially reduce eligibility workers' caseloads, staff may have relatively little contact with most of their clients and thus relatively few opportunities to reinforce the time-limit message. The authors of the Arizona and Indiana studies both concluded that the time limit had not been aggressively communicated or reinforced in those programs. In Connecticut, almost all eligibility workers reported in a survey that they remind clients about the time remaining on their clocks during redetermination appointments; however, such appointments are relatively infrequent. Most eligibility workers reported that they saw or spoke to at most half their clients between scheduled redeterminations, and that most of these contacts were initiated by clients. This suggests that most workers had little contact with clients who did not come forward to request advice or assistance. (In 1998, Connecticut implemented a new staffing structure that may increase the extent of contact between clients and staff.)

Both Connecticut and Vermont include written reminders about the time limit and the status of the recipient's clock in letters scheduling clients for certain types of appointments. Such letters, which are generated automatically by the welfare computer system, can compensate to some extent for the relatively infrequent in-person contact between workers and clients. However, clients may not carefully read correspondence from the welfare department.

More generally, the intensity of the time-limit message may depend in part on how welfare eligibility workers – the key points of contact between welfare recipients and the system – see their roles. Beginning in the early 1970s, eligibility staff in most places were directed to focus on issuing timely and accurate benefit checks rather than on urging or assisting recipients to find jobs and move toward self-sufficiency. The key performance indicator for these staff has been their "error rate."

As discussed further in Chapter 4, the Florida and Wisconsin pilot programs both made dramatic changes in staff "culture" and, more specifically, in the roles and functions of eligibility staff. For example, in a staff survey, 81 percent of eligibility workers in Florida's Family Transition Program (these staff are known as case managers) said that their job is "a great deal" about helping people get off welfare. The corresponding figure was 25 percent for traditional eligibility staff working with control group members. Aggressively communicating and reinforcing the time-limit message fit well with the case managers' new roles.

The pilot programs were able to achieve these changes in staff culture in part by reducing workers' caseloads and devoting substantial resources to staff training. (In addition, in Florida, FTP case managers were selected in a competitive process from among eligibility workers who applied to take on this new role.) It is clearly more difficult to generate such changes in a statewide program. Thus, for example, researchers studying the Arizona program found that, despite

[2] In some programs, these two functions have been integrated into a single staff position.

supporting the philosophy of EMPOWER, eligibility workers still felt that they were primarily expected to focus on issuing accurate and timely payments. Eligibility staff tended to believe that employment and training workers were primarily responsible for urging and assisting recipients to find jobs. Moreover, training for eligibility staff tended to focus on policies and procedures, rather than on how to "market" the new policies. In this environment, it is perhaps not surprising that many workers did not place much emphasis on the time-limit message.

Finally, workers' willingness to aggressively "market" the time-limit policy may hinge on whether they believe that the policy will be implemented as designed. During the early operational months – before clients had reached the time limit – staff in several states, including Connecticut and Indiana, expressed skepticism about whether clients' benefits would actually be canceled (or reduced) at the time limit. Researchers speculated that this skepticism may partly explain why many Indiana workers placed little emphasis on the time limit in their discussions with recipients.

**The Content of the Message**

It may seem simple and straightforward to explain a time limit. In fact, however, the policies can be complex, and data collected from the waiver programs suggest that many recipients do not understand the details of their states' policies. For example, staff in Vermont reported that many recipients, confused by media reports about welfare reforms in other states or at the federal level (or inaccurate reports about Vermont's reforms), incorrectly believed that the time limit would result in the cancellation of their cash grant. In Connecticut, workers reported that many clients who appeared for exit interviews were surprised to find that having income above the welfare payment standard made them ineligible for an extension; recipients had grown accustomed to the state's earned income disregard, which allows recipients to retain their benefits as long as their earnings do not exceed the federal poverty level (considerably higher than the payment standard). Finally, as discussed below, surveys and focus groups with clients in several states suggest that some recipients believe that time limits apply not only to cash assistance but also to Food Stamps and Medicaid.

Beyond simply informing recipients about the time limit and explaining the rules, staff also send direct or indirect messages about how clients should respond to the time limit in the short term. This can put added pressure on workers, and magnifies the need for effective staff training.

For example, one of the key questions is whether staff should urge recipients to use their time on welfare to obtain training or education, or to leave welfare as quickly as possible in order to "save" or "bank" their limited months for a time in the future when they may be needed. Prior research suggests that both strategies have potential advantages and drawbacks. Leaving welfare quickly stops the clock while months still remain. However, prior studies suggest that if recipients leave welfare as quickly as possible, many will obtain low-wage jobs that prove to be unstable. They might cycle on and off welfare, using up months toward the time limit without enhancing their employability. In contrast, a strategy focusing on education or training might lead

to better jobs – although the research record is mixed – but is also likely to cause recipients to use up more of their scarce months of assistance.[3]

Wisconsin's Work Not Welfare program attempted to convey a strong "banking" message: Staff sometimes described the time limit as a bank account or a set of 24 coupons, and urged recipients not to use up all of their coupons at once, even if this meant taking a low-paying job or cutting back expenses. This message was reinforced and integrated with other aspects of the program. For example, workers attempted to "divert" new applicants (and on-board recipients) from starting (or continuing) to receive welfare, in part by urging them not to use up scarce months of assistance. Similarly, staff sold the importance of establishing a child support order in part by explaining that child support income, when coupled with at least a part-time job, might allow the recipient to survive without welfare, thus stopping the clock. As might be expected, the WNW program did not stress long-term education and training activities that might keep clients on welfare for a lengthy period.[4]

In contrast, Florida's Family Transition Program offers an extensive menu of education and training services and, at least in its early months of operation, the program focused on helping recipients prepare for better-paying jobs. On a survey, 72 percent of early FTP enrollees reported that staff encouraged them to use their time on welfare to obtain training or education. Only 31 percent reported that staff urged them to save up their months of welfare for when they might be needed most. On a survey of staff, only 19 percent of FTP case managers said that the time limit made them more likely to encourage clients to take low-paying jobs. FTP's message was that clients needed to find jobs by the time they reached the limit, but not necessarily before.[5]

Even if staff do not discuss this issue directly, their language may nonetheless convey a particular message. For example, for the sake of simplicity, some workers focus on the end date: When meeting with a new client in June 1998, a worker might tell the client that her time will be up in June 2000, or that she "has two years to get a job." In contrast to the language used in Wisconsin's program (described above), this formulation implies that the worker expects the client to receive benefits continuously until she reaches the limit, and would probably not stimulate the client to respond by banking time.

The content of the time-limit message can be dramatically affected by the other policies implemented along with the limit. For example, when it imposed its 21-month time limit, Connecticut simultaneously shifted its welfare-to-work program toward a "work first" focus. Staff were trained to urge recipients to find jobs as quickly as possible and to consider "any job a good

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[3]This dichotomy has been oversimplified for purposes of discussion. In fact, some welfare-to-work programs have adopted a mixed strategy, emphasizing education or training for some clients and rapid employment for others. Some programs stress job search activities, but urge clients to hold out for good jobs.

[4]In fact, participants were expected to complete any education and training activities by the end of their first year in the program; they were required to be employed in the second year.

[5]The survey targeted clients who entered FTP during its first few months of operations. Staff report that FTP's message became more employment-focused over time, and that staff were more likely to discuss "banking" with clients who entered the program later.

job." It might seem that this strong, employment-oriented message could be complemented and reinforced by stressing the importance of leaving welfare quickly in order to bank time. In fact, however, a "banking" strategy makes little sense in Connecticut: Owing to the generous earned income disregard, employed clients generally receive their entire welfare grant – $543 per month for a family of three. In order to "bank" time for the future, a working client would need to forgo a large sum of money in the short term. Few clients are likely to make this choice, and few staff urge them to do so.[6]

**Discussing the Exceptions**

As discussed earlier, all time-limit policies include exceptions – circumstances in which recipients may have their benefits extended or receive other forms of assistance after reaching the time limit.

Programs face difficult choices in describing such policies to recipients. They want to give accurate and complete information, but do not want to weaken participants' motivation by creating the perception that the time-limit policy is not firm. This quandary is especially apparent in the early operational period, before any recipients have actually reached the time limit (after that point, the "grapevine" will help to determine how clients perceive the time limit).[7]

Programs have addressed this issue in different ways. Although the policy in Florida's FTP includes the possibility of up to two temporary benefit extensions, staff seldom discuss this with clients. On a staff survey, only 15 percent of FTP case managers reported that they would be "very likely" to tell a new FTP client about extensions of the time limit. Most staff also do not emphasize the fact that FTP promises to provide jobs to recipients who comply with the program but reach the time limit without a job. Neither of these policies is stressed in written materials describing the program. Staff said they wanted recipients to focus on preparing for self-sufficiency, rather than on trying to fit the criteria for an extension or public job. They believed that the time limit would lose its motivational power if recipients thought they might receive extensions or public jobs. Finally, in the early operational period, many staff reported that they did not know how the time limit would ultimately be implemented.

In contrast, written materials produced by Connecticut's Department of Social Services clearly state that extensions are possible. However, even in that case, there is variation in how staff describe the extension policy. In a survey conducted in 1997 (before any clients had reached the time limit), some eligibility workers characterized their message as "if you cooperate with the

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[6]In addition, "banking" is theoretically unnecessary in Connecticut's program. A client who makes a good-faith effort to find employment can receive an extension when she reaches the time limit, or at any point thereafter. Thus, if she is employed and loses her benefits at the time limit, but later loses her job, the client can receive her extension later.

[7]Interestingly, the grapevine may not operate as quickly as some might think. In a client survey conducted in Escambia County, Florida, in early 1997 – a full year after people began reaching the Family Transition Program's time limit – only 19 percent of respondents in the program group reported that they had heard about or knew anyone whose benefits had been canceled, perhaps because only a small number of people had reached the time limit by early 1997.

program rules but cannot find a job before reaching the time limit, you will probably receive an extension." These workers stressed that recipients should be sure to cooperate with all requirements in order to avoid disqualifying themselves. Other workers described their message as "some clients will receive extensions and some will not." These staff urged clients to find a job in order to prepare for the possible loss of benefits. Workers who stressed the latter message said they did so because they did not want recipients to believe that extensions would be automatic, both because the workers themselves did not know for sure how the extension policy would be implemented and because they wanted clients to remain highly motivated. Clients might respond quite differently to these two messages, although the difference between them might seem subtle.

In a related issue, workers can affect clients' motivation through the way they describe (or do not describe) the consequences of reaching the time limit. For example, in Indiana, some workers reported that they did not necessarily correct clients who believed that the entire family (rather than just the adult) would lose benefits at the time limit; these workers thought that clients who believed their entire benefit would be canceled might be more strongly motivated. In Vermont, some early written materials produced by the welfare agency implied that the time limit might result in the loss of benefits, and some staff said they were deliberately vague when they initially described the policy to clients. (In both Indiana and Vermont, many workers said they believed that the time-limit policy was not tough enough.)

## Tracking the Clock

In order to implement a time limit, states obviously need to track how many months of benefits each client receives. Ideally, this would be done through the same computer system that calculates and issues the benefits; workers tend to rely heavily on such systems in their day-to-day work. However, this can present several technical challenges:

- **Tracking case movement**. Adult welfare recipients sometimes switch from one case to another. This might occur, for example, when a recipient leaves welfare and then reapplies, when a two-parent case splits, or when two single-parent cases combine. Thus, the system may need to track an individual recipient as she moves from case to case. Otherwise, a client's clock might restart if she moved from one case to another.

- **Handling exemptions, credits, and other special policies**. As discussed in the previous chapter, some states have developed complex time-limit policies. For example, in Vermont, the state's computer system needed to be programmed to add a six-month credit each time a recipient leaves welfare or works while on welfare for 12 consecutive months.

- **Providing accessible information to staff**. In order to convey and reinforce the time-limit message, staff must have an easy way to determine how much time remains on a recipient's clock. For example, when a worker receives a phone call from a client, she or he should be able to quickly check the client's clock status.

Connecticut, Delaware, Indiana, and Vermont reprogrammed their statewide data systems to track the time-limit clock. These systems appear to have worked fairly well, and workers can easily check the time-limit status of a particular client by entering the client's case number into the system. Florida did not initially adapt its statewide computer system because FTP was a small pilot; thus, FTP staff have tracked the time limit manually. This process has been adequate, but quite labor-intensive for staff.

## Determining Exemptions

As discussed earlier, each of the waiver programs exempts certain categories of recipients from the time limit. In most programs, staff attempt to determine whether an exemption applies at the point a welfare applicant or recipient is slated to enter the time-limit program.[8] If the client is deemed to be exempt, her clock does not start ticking. Recipients who are not exempt initially may be exempted later if their circumstances change or new information becomes known; indeed, as discussed earlier, some programs have instituted a standard "second look" just before each case reaches the time limit to ensure that no exemptions apply. Conversely, many of the conditions that lead to an exemption are temporary; when they end, the recipient's clock starts. Typically, the criteria that exempt a client from the time limit are similar or identical to the criteria that exempt her from mandatory participation in employment-related activities while on welfare.

Some of the exemption criteria are straightforward to apply, such as child-only cases and recipients who are over a certain age. But some staff report that exemptions for incapacitation can be considerably more ambiguous. Although a statement by a physician or other health care professional is generally needed in order to grant such an exemption, several issues can complicate this process.

First, as noted earlier, staff report that a substantial fraction of clients fall into a gray area: They are experiencing physical or mental problems that are likely to make it difficult for them to work steadily, but that do not qualify them for a medical exemption. Staff believe that this is particularly common with clients who are experiencing mental health problems such as depression, substance abusers, and those with serious learning disabilities. (Some clients are dealing with severe family crises that also may hinder their ability to work, but these are definitely not considered grounds for a medical exemption.) Workers in both Connecticut and Vermont report that such problems may have gone undetected for many years because recipients did not face strong mandates to work in the past. However, the time limit may force these issues to the surface – particularly just before clients reach the "cliff." One Connecticut worker noted that some of his clients had learned to function within the welfare system – in other words, to do what is necessary to keep their checks coming – but would probably be unable to handle the demands of a real workplace. As discussed further below, some Vermont workers believed that their agency

[8]The process works somewhat differently in Vermont, where single-parent recipients are not required to participate in employment-related activities until two months before they reach the time limit. Exemptions are determined when the mandates begin to apply, rather than when clients enter the time-limit program.

might need to establish special "remedial" community service jobs for recipients unable to function in a conventional work environment.

A second issue, closely related to the first, is that some recipients do not request medical exemptions even though they may qualify. Workers report that these clients may not fully understand the process or may not want to admit that they have a problem. In Vermont, some employment and training workers said that they had urged certain clients to seek exemptions because they believed that these individuals could not succeed in a workplace. Other workers said they preferred to take clients at their word when they said they could work. These staff reported that some clients managed to overcome their problems when presented with an opportunity to work; others did not succeed, but at least were forced to acknowledge their problems, obtain an exemption, and get help. (Under a benefit-termination time limit, this acknowledgment may come too late – after the grant has been canceled.) In Connecticut, staff reported that many clients initiate the exemption process but never produce the necessary documentation. This may be because the incapacitating condition does not really exist, or because the condition itself prevents the recipient from following through.

Third, there is likely to be some variation among physicians. For example, different doctors might diagnose the same condition differently. Moreover, some physicians may believe that a certain condition makes it impossible for an individual to work, while others might not. Many workers can tell stories about particular local physicians who, in their view, are much too willing to write a statement that excuses a client from mandatory employment activities. In both Connecticut and Vermont, a centralized agency-sponsored team must review and sign off on certain exemptions recommended by clients' physicians or health care providers. In the Wisconsin pilot counties, a local manager and/or a counselor from the Department of Vocational Rehabilitation contacted doctors who had signed incapacitation statements in order to determine whether any employment might be appropriate.

These complexities raise difficult issues for the staff who must make the initial determination about exemptions. A key issue is whether staff should be proactive in identifying recipients who may be exempt for medical reasons. Some workers say they routinely review the exemption criteria with each client and ask whether any of them apply. As noted earlier, a few workers report that they have urged and assisted certain clients to seek exemptions. Other workers say they do not think it is appropriate to "advertise" exemptions: They wait to see whether the recipient raises any potential obstacles to work.

Most of these issues are not new: Medical exemptions were allowed from mandatory work programs before time limits existed. But time limits raise the stakes considerably. Ultimately, extension policies are intended to act as a safety valve. If a client faces a problem that does not warrant an exemption, but makes it impossible for her to obtain a job by the time she reaches the time limit (despite good-faith efforts), she can receive an extension. The problem is that the same conditions that make it difficult for certain clients to find jobs also may make it difficult for them to comply with program rules; thus, they may be deemed noncompliant and thus ineligible for an extension (or, possibly, may be sanctioned off welfare before reaching the limit). Moreover, some conditions may not stop clients from finding jobs, but may hinder job retention.

Thus, a recipient may be employed at the point she reaches the time limit – and thus, in theory, not in need of an extension – but may be unable to hold the job.

## Handling Cases That Reach the Time Limit

A time-limit policy becomes real when recipients begin to exhaust their months and reach the "cliff." Connecticut and Florida provide some of the earliest detailed information about how states are handling cases that reach this point in the context of a benefit-termination time limit (see box); Vermont provides some of the first evidence about the imposition of a work-trigger time limit.

### Where Are Welfare Recipients Reaching Time Limits?

By late 1998, very few welfare recipients anywhere in the country had reached a benefit-termination time limit. Although 30 states received waivers to impose time limits before the 1996 federal welfare law took effect, only about a dozen had actually imposed time limits by August 1996. Moreover, several of the programs that were in place at that time were not statewide or targeted only segments of the caseload.

Escambia County (Pensacola), Florida, was the first place in the country where people reached a time limit and had their benefits canceled; the first recipients reached the limit in early 1996.[1] By mid-1998, about 250 recipients had reached the time limit. By far the largest number of clients have reached time limits in Connecticut, where recipients began reaching the statewide 21-month time limit in late 1997. More than 10,000 Connecticut welfare recipients had had their grants discontinued by late 1998. Small numbers of recipients began reaching benefit-termination time limits in 1998 in Virginia, Illinois, North Carolina, South Carolina, and Tennessee, among others.[2]

[1]Small numbers of two-parent cases began reaching Vermont's work-trigger time limit in late 1995.

[2]Havemann and Vobejda, *Washington Post*, October 1, 1998. Recipients began reaching Florida's statewide time limit in October 1998.

Numerous studies of welfare dynamics conducted over the past two decades have found that most people who enter the welfare rolls leave relatively quickly – about two-thirds leave within two years. However, many of those who leave welfare subsequently return. One study

found that 58 percent of those who enter the rolls for the first time eventually accumulate more than two years of receipt, and 35 percent accumulate more than five years of receipt.[9]

Since time limits are usually two years or more, these data suggest that most welfare recipients will not receive benefits continuously until they reach a time limit, but that many could reach a time limit eventually.[10] Early results from the waiver studies confirm the first of these points (it is too early to tell how many clients will reach time limits after leaving welfare and returning):[11]

- In Escambia County, Florida, only about 8 percent of the recipients subject to a 24-month time limit received benefits continuously for 24 months after entering the program. The less-employable recipients, who are subject to a 36-month time limit, accumulated months of assistance somewhat more quickly, but even among this group only about 17 percent received benefits continuously for 36 months after enrollment. (Some other recipients left welfare just one to three months before reaching the limit.[12])

- In Vermont, about 29 percent of single-parent recipients reached the state's 30-month time limit after continuous or nearly continuous benefit receipt.[13]

- In New Haven and Manchester, Connecticut, about 27 percent of recipients reached a 21-month time limit after continuous or nearly continuous receipt.[14]

Several factors account for the differences among these three sets of outcomes. First, economic conditions, client characteristics, and welfare grant levels differ from state to state. For example, Florida is a low-grant state; thus, even though there is an earned income disregard in place, clients lose eligibility for assistance even when they have low levels of earnings.[15] Second, the policies implemented along with the time limit differ dramatically. Most important, as discussed earlier, Connecticut's program includes a very generous earned income disregard, which means that people who find jobs are much less likely to leave welfare. Third, the programs handle exemptions differently. In Connecticut, the 27 percent figure includes only cases that re-

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[9]Pavetti, 1995.

[10]Of course, earlier studies of welfare dynamics may not be directly applicable to analyses of time limits because the presence of the limit might, in itself, cause recipients to alter their patterns of receipt.

[11]In all three states, the "base" for these percentages includes both welfare applicants and on-board recipients.

[12]Of those with a 24-month time limit, 16 percent received at least 24 months of benefits within 42 months after enrollment. Of those with a 36-month time limit, 26 percent received at least 36 months of benefits within 42 months after enrollment.

[13]This figure is a slight overestimate, primarily because it does not reflect "credits" that some recipients may have received for working 12 continuous months while on welfare. It is also important to note that some of those who reached the time limit were exempted from the work requirement.

[14]More precisely, among a sample of people who entered Jobs First between January 1 and March 31, 1996, 27 percent had accumulated 21 *countable* months of benefit receipt by February 1998. Others received 21 months of benefits, but some of the months did not count because of an exemption.

[15]A family's welfare grant phases out as its income rises. Thus, in states that pay low grants it requires less income to make the family ineligible for benefits.

ceived 21 *countable* months of assistance; others received 21 months of assistance, but were exempt for some period. In Florida, many exempt cases were screened out and never entered FTP; if they had been included, the percentages that received 24 or 36 months of benefits would presumably have been higher. In Vermont, exemptions are usually determined when clients reach the time limit; thus, most clients who are exempt from the work requirement have already "reached the time limit." Thus, the 29 percent figure essentially represents the fraction of the full single-parent caseload that had received 30 months of assistance.

It is also important to note that these data were collected during a period of strong economic growth and rapidly declining welfare caseloads; the patterns might look different during a recession. Also, as discussed further below, there is little evidence that the time limits themselves have affected these patterns much; in both Florida and Vermont, members of control groups not subject to time limits accumulated months of receipt at about the same rate as program participants.

The operational implications of these results for other states partly depend on how the on-board caseload – recipients who were already receiving benefits when the time limit began – is enrolled into the program. In the three programs discussed above, on-board recipients were phased in gradually: Recipients' clocks started when they came to the welfare office for a semi-annual eligibility review. This strategy – coupled with the fact that most clients leave welfare, at least temporarily, before reaching the limit – means that a relatively small number of clients reach the time limit each month. In contrast, as noted earlier, some other programs started the clock for all on-board recipients at the same time. In that case, even if only a small fraction of clients receive benefits continuously, the absolute number of people reaching the time limit simultaneously may be large.

### What Types of Recipients Are Reaching Time Limits?

Both the Connecticut and Florida studies compared the characteristics of the first clients who reached the time limit with those of clients who left welfare, at least temporarily, before reaching the limit. It is important to note that these analyses focused mostly on people who reached time limits after continuous or nearly continuous welfare receipt. The picture may change after more "cyclers" use up their months of benefits.[16]

As expected, individuals who were already long-term recipients when they entered the programs were more likely to reach the time limit quickly. For example, in Florida, 61 percent of the clients who reached the time limit by June 1998 had received welfare for at least two years before entering FTP, compared with 41 percent of those who had not reached the time limit by that point.[17] Other differences probably correlate with prior welfare receipt. For example, because

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[16]The types of recipients who reach time limits will also depend, in part, on the types of recipients who are exempt from time limits.

[17]Specifically, these figures compare program group members who had reached the time limit by June 1998 with program group members who had entered FTP early enough that they could have reached the time limit by that date, but had not done so.

long-term recipients are disproportionately African-American, it is not surprising that 69 percent of those who reached the time limit were African-American, compared with 45 percent of those who did not.[18]

Both studies also found that those who reached the time limit had more children, on average, than those who did not, perhaps because recipients with larger families have to earn more in order to lose eligibility for welfare before reaching the time limit.

In both states, a substantial proportion of clients were employed when they reached the time limit. In Florida, almost half were employed, and in Connecticut, about two-thirds were employed. This pattern in part reflects the presence of earned income disregards, which allow clients to continue receiving welfare after they start working. Had disregards not been in place, a larger proportion of employed clients would presumably have left welfare before reaching the time limit (because their earnings would have made them ineligible for benefits). Fewer clients would have reached the time limit overall, but a smaller fraction of those who did would have been employed.

### What Happens When Recipients Reach Time Limits?

Recent press reports indicate that many of the first recipients to reach time limits have received extensions.[19] The early experiences in Connecticut and Florida illustrate two quite different scenarios.

**Pre-time limit review procedures**. On paper, the time-limit policies in Florida's Family Transition Program and Connecticut's Jobs First program look similar. As discussed earlier, in addition to granting exemptions, each program includes special protections for recipients who cooperate with employment-related mandates during their time on welfare, but reach the time limit without a job (or, more precisely, with income below the welfare payment standard). In Florida, these recipients may receive up to two short-term extensions of the time limit; if they exhaust their benefits, the state is committed to providing them with post-time limit subsidized or public jobs that allow them to earn at least as much as a standard welfare grant. In Connecticut, such recipients may receive an unlimited number of six-month extensions of their benefits. As noted earlier, Connecticut's policy includes a relatively straightforward definition of "playing by the rules," while Florida's does not.

In addition, both programs include a second layer of protections for recipients who are deemed not to have cooperated. In Florida's FTP, these cases are reviewed by the child welfare agency, and the children's portion of the grant is retained and diverted to a third party "protective payee" if it is determined that full cancellation would place the children at substantial risk of foster care placement. In Connecticut, recipients who are deemed not to have made a good-faith effort to find employment may still receive an extension if it is determined that circumstances beyond their control prevent them from working when they reach the time limit.

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[18] Unlike the national caseload, the welfare caseload in Escambia County includes very few Hispanics.

[19] Havemann and Vobejda, *Washington Post*, October 1, 1998.

As shown in Figures 3.1 and 3.2, the two programs have developed quite different processes for reviewing cases approaching the time limit. Connecticut's review process is designed for a large-scale program. Each recipient is scheduled for an "exit interview" with her eligibility worker in the 20th countable month of benefit receipt, and the extensions are largely determined during this interview. As Figure 3.1 shows, a series of four questions is addressed during the interview to determine whether an extension will be granted.

The pre-time limit review process in Florida's FTP is more complex. Participants' compliance with program rules is assessed continuously. However, as shown in Figure 3.2, a key milestone occurs roughly six months before a case reaches the time limit, when the staff who worked with the client meet to determine whether the case should be referred to a citizen review panel (cases may also be referred to the panel at earlier points).[20] Staff report that participants are sent to the panel if they are failing to comply with FTP rules, or if they are failing to make progress toward self-sufficiency. In any case, the vast majority of cases that are sent to the panel at this point are officially deemed to be noncompliant, in essence making them ineligible for post-time limit subsidized jobs and very unlikely to receive extensions.[21] A child welfare worker then reviews each of these cases to determine whether the children's portion of the grant should be retained. Finally, the local welfare administrator must sign off on all benefit terminations.

FTP's process includes several layers of review to help ensure that the policies are implemented consistently. However, this labor-intensive process might not be feasible in a large-scale program, in which many clients reach the time limit each month. (In most months, fewer than 15 cases reach FTP's time limit; in contrast, each eligibility worker in Connecticut may handle 10 to 15 exit interviews in a month.)

**Similar policies, different results.** Despite their similarities, the two policies have produced dramatically different results so far, as illustrated in Figure 3.3.[22] In Escambia County, Florida, virtually every recipient who has reached the time limit has had her or his benefits entirely canceled. MDRC examined the 223 cases that are part of the research sample and had reached the time limit by June 1998.[23] Of these, 210 had their entire grant canceled immediately upon reaching the time limit, three had their grant canceled after a brief extension, and one was in the midst of an extension in June 1998. The children's portion of the grant was retained in the nine remaining cases. Although more than half of the 223 recipients were not earning above the

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[20]The review panel was established by the Florida legislature to review the Department of Children and Families' delivery of FTP services and the progress of participants. It is composed of volunteers from key segments of the community. Participants who are failing to meet FTP requirements must be sent to the review panel at least every nine months.

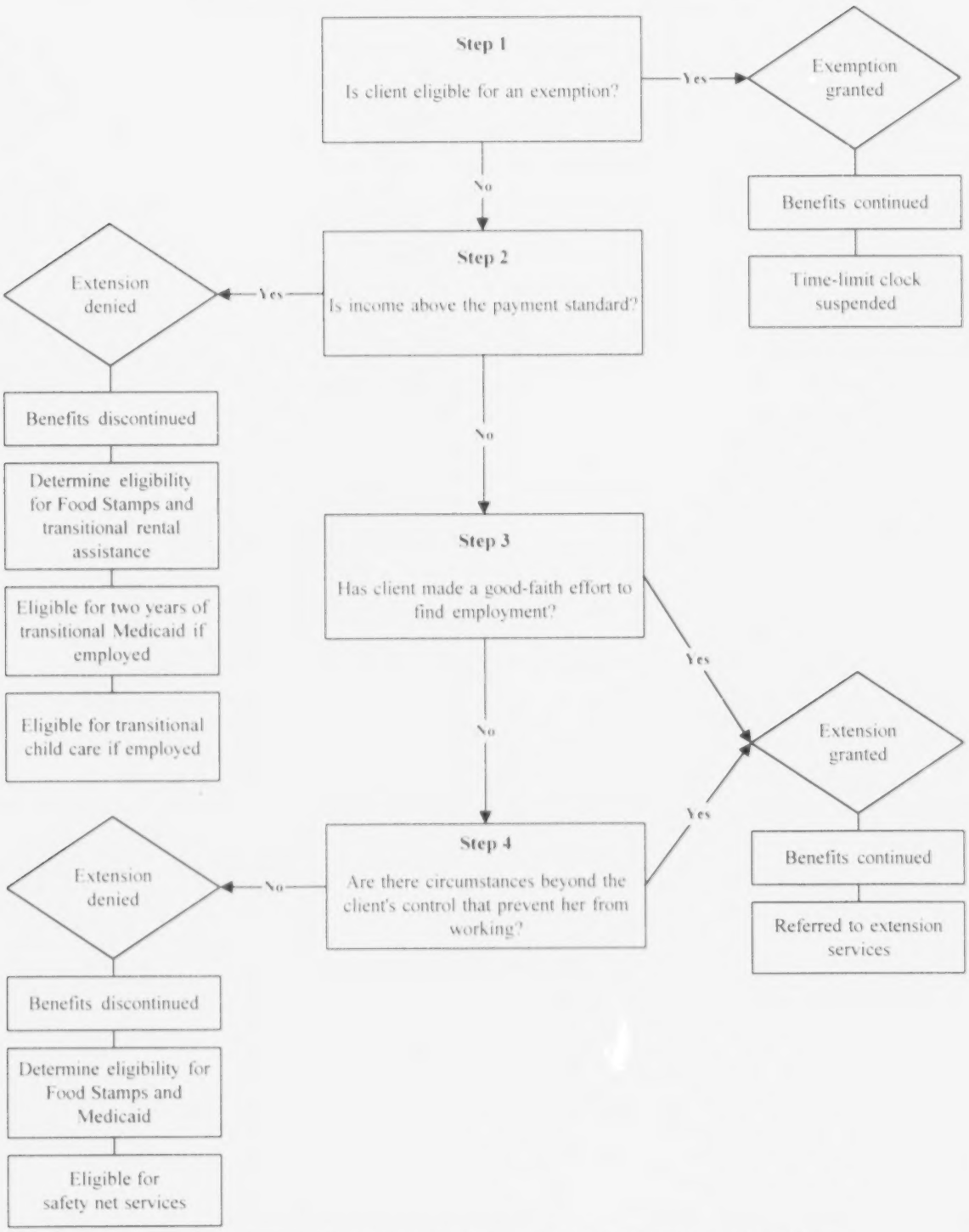
[21]Any client may request an extension, but the request is very unlikely to be approved if the client was deemed noncompliant.

[22]Early data are also available from Indiana, where 978 families had reached the benefit-reduction time limit by December 1997. Hardly any extensions had been requested or granted by that point.

[23]Twenty-eight other recipients had reached the time limit by that point. Sixteen of these entered FTP during a small pilot before the evaluation began, and most of the others were two-parent cases, who were not studied. In addition, 100 other cases had accumulated at least as many months as their clock allowed, but had not reached the time limit, generally because they had been exempted or had moved to another county without an FTP program.

**Figure 3.1**

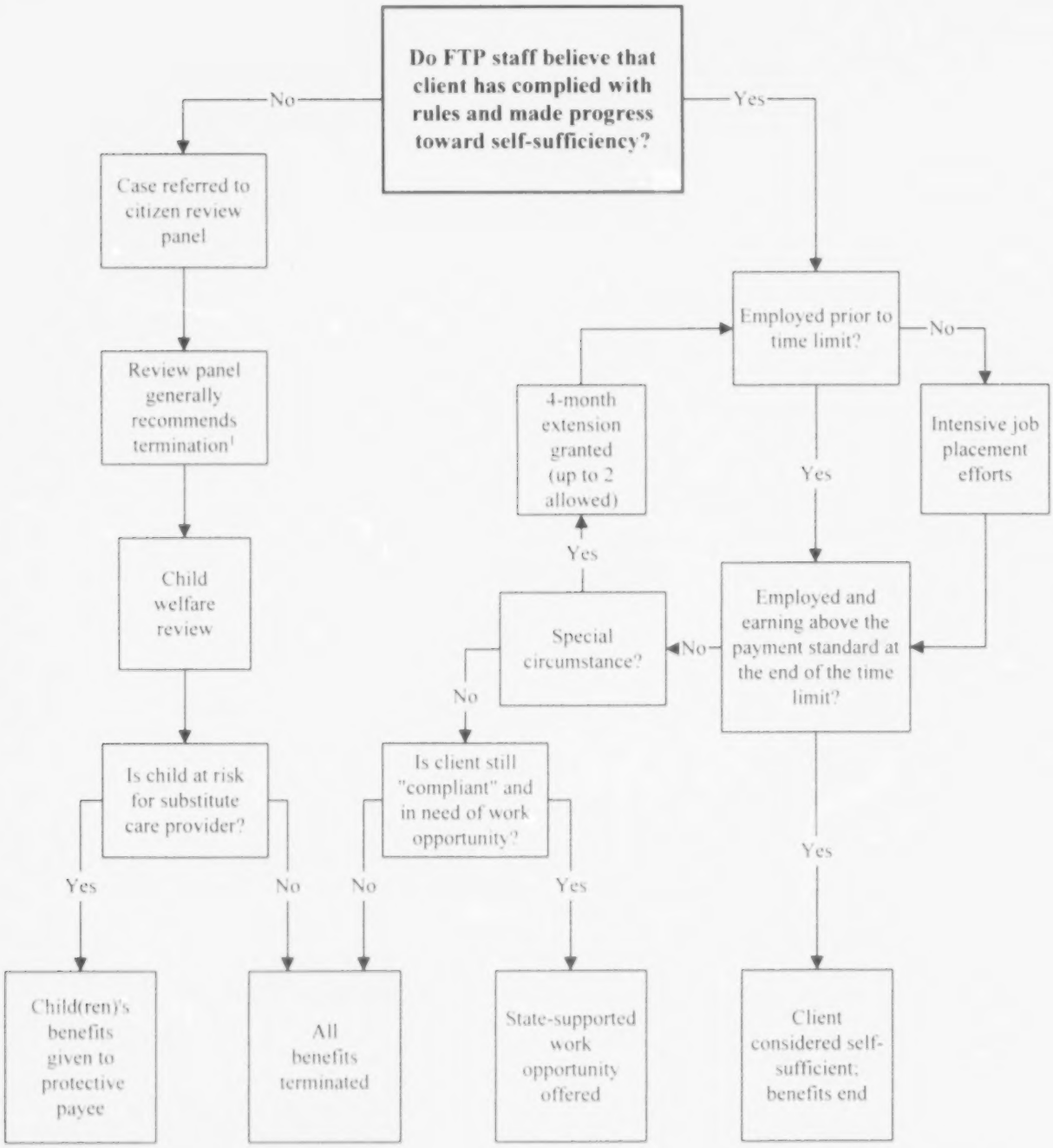
**Connecticut's Jobs First Program:**
**Questions Addressed During the 20-Month Exit Interview**




SOURCE: Connecticut Department of Social Services policy and procedure information. Adapted from Bloom, Andes, and Nicholson, 1998.

**Figure 3.2**

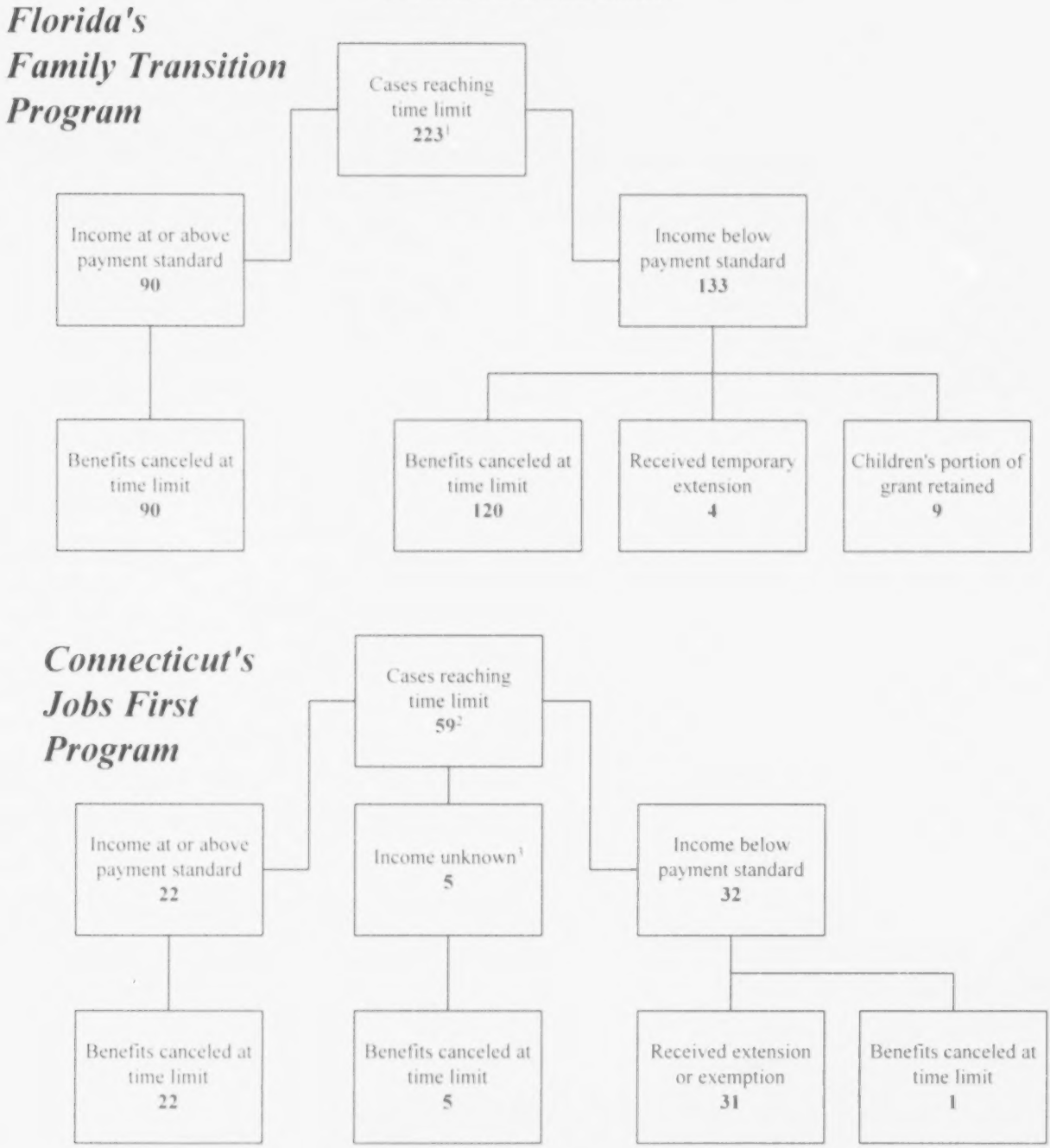
**Florida's Family Transition Program:**
**Simplified Illustration of the Process for Participants**
**Who Are Within Six Months of Reaching the Time Limit**


Do FTP staff believe that client has complied with rules and made progress toward self-sufficiency?
No
Yes
Case referred to citizen review panel
Review panel generally recommends termination[1]
Child welfare review
Is child at risk for substitute care provider?
Yes
No
Child(ren)'s benefits given to protective payee
All benefits terminated
Employed prior to time limit?
No
Yes
4-month extension granted (up to 2 allowed)
Intensive job placement efforts
Yes
Special circumstance?
No
No
Employed and earning above the payment standard at the end of the time limit?
Is client still "compliant" and in need of work opportunity?
No
Yes
State-supported work opportunity offered
Yes
Client considered self-sufficient; benefits end

NOTE: [1]Occasionally, noncompliant participants are referred for intensive job placement efforts, although this service is generally reserved for compliant participants.

**Figure 3.3**

**Outcomes for Early Cases Reaching the Time Limit in Florida and Connecticut**


Florida's Family Transition Program
Cases reaching time limit 223[1]
Income at or above payment standard 90
Income below payment standard 133
Benefits canceled at time limit 90
Benefits canceled at time limit 120
Received temporary extension 4
Children's portion of grant retained 9
Connecticut's Jobs First Program
Cases reaching time limit 59[2]
Income at or above payment standard 22
Income unknown[3] 5
Income below payment standard 32
Benefits canceled at time limit 22
Benefits canceled at time limit 5
Received extension or exemption 31
Benefits canceled at time limit 1

SOURCE: Bloom et al., 1999 (Florida); Bloom, Andes, and Nicholson, 1998 (Connecticut).

NOTES: [1]This represents all cases in the FTP evaluation research sample who had reached the time limit by June 1998.
[2]This is a random sample of cases that had reached the time limit by February 1998.
[3]These clients failed to appear for an exit interview in their 20th month of benefit receipt.

payment standard when they reached the time limit, most of these individuals were deemed to have been noncompliant with FTP; thus, as of June 1998, no one had been given a post-time limit subsidized job.[24]

The early outcomes in Connecticut have been strikingly different. MDRC examined a random subset of 59 of the earliest cases that reached the time limit in Manchester and New Haven, and found that 29 were granted extensions at the point they reached the time limit and that two others were exempted at that point. (Although it is not shown in Figure 3.3, five other cases had their benefits discontinued when they reached the time limit, but were granted extensions within the next three months.) In other words, the vast majority of the 32 recipients who had income below the welfare payment standard when they reached the time limit were deemed to have made a good-faith effort to find employment and were granted extensions.[25] Conversely, most of those whose benefits were canceled were working and had income at or above the welfare payment standard. Statewide data reported by the Connecticut Department of Social Services suggest that these patterns reflect the statewide situation.

**What explains the differences?** Why are two seemingly similar policies generating such different results?

As noted earlier, in both programs, a substantial fraction of the people who reached the time limit had income above the welfare payment standard (usually because they were employed). As shown in Figure 3.3, these cases were assumed not to need extensions, and their benefits were canceled at the time limit (see box).

Thus, the key difference relates to recipients who reached the time limit with income below the payment standard. In Connecticut, almost all of these clients were deemed to have made a good-faith effort to find employment (and thus were granted extensions), while in Escambia County most were considered noncompliant (and thus were very unlikely to receive an extension). Although it is possible that recipients' behavior differs in the two areas, it seems more likely that the disparity relates to differences in the design and implementation of the programs (and, perhaps, to the different political context in pilots and statewide programs).

Florida's FTP, a well-funded, heavily staffed pilot project, typically schedules participants for an intensive schedule of activities and closely monitors their participation. This means participants can receive an array of services, but it also creates many opportunities for people to miss required activities. In contrast, Connecticut's program operates statewide and has a different philosophy: Instead of investing in expanding state staff, Jobs First focuses more heavily on financial incentives and messages. Recipients are required to participate in job search or other employment activities if they are not working, but the schedule of activities is usually not very intensive. Moreover, workers have large caseloads, which makes it difficult for them to closely

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[24]Some of the clients who reached the time limit unemployed had initially been deemed compliant. However, some of them refused job offers near the end of the time limit or reportedly did not want jobs (for example, because someone else was supporting them). Thus, these clients were not given public jobs.

[25]Almost half of these clients were employed, but had income below the payment standard.

monitor participants' activities.[26] This in turn means that relatively few clients were sanctioned for failing to meet program requirements during the pre-time limit period.

**Recipients Who Are Employed When They Reach Time Limits: Success Stories?**

Understandably, staff in time-limit programs tend to focus on the end date; they want to ensure that each recipient has found a job (or some other source of income) by the time she reaches the time limit. Indeed, a substantial fraction of the recipients who have reached the time limit in Connecticut and Florida were employed at that point.

Recipients employed at the time limit are often considered success stories, not in need of further assistance. Although it is better to be employed than unemployed at the time limit, previous research indicates that many welfare recipients have very unstable employment patterns. Thus, a recipient's status at the time limit may in fact be a snapshot of a rapidly changing situation, and may say little about her status later. However, if a recipient loses her job at some later date, she may be unable to fall back onto welfare because she had used up her months (as discussed earlier, Connecticut's policy allows some recipients to return).

This dynamic may explain why some programs try to help recipients leave welfare *before* reaching the time limit, rather than simply trying to ensure that they are employed by their end date. It also illustrates why earned income disregards — which give working recipients more income in the short term — may put some recipients in a difficult situation in the long term by causing them to use up their months of assistance more quickly (assuming the state does not exempt working recipients from the time limit).

Thus, in Connecticut, the absence of tight monitoring, when combined with a clear-cut definition of a lack of good-faith effort based on the recipient's history of sanctioning, means that most clients get the "benefit of the doubt"; they are assumed to have made a good-faith effort because there is no evidence to the contrary. In Florida, tight monitoring and a more ambiguous definition of compliance results in a much higher proportion being deemed "noncompliant." In addition, FTP's child welfare review for noncompliant cases has fairly narrow objectives: It is not designed to predict which children will end up in foster care, but rather in which cases the termination of the welfare grant will *cause* children to be placed in foster care. Few cases are deemed to meet this criterion. Finally, in Florida, recipients approaching the time limit may not be aware that extensions are possible, while in Connecticut recipients who attend an exit interview are required to complete and sign a form that indicates whether they want to request an extension.

[26] In 1998, Connecticut implemented a new staffing structure that may increase the level of monitoring.

The Connecticut experience is particularly important because it illustrates some of the challenges that large-scale programs may face in implementing protections based on subjective criteria such as "good-faith effort" or "circumstances beyond control." For a variety of reasons, the state created a review process that can be implemented on a large scale, primarily by line workers. So far, its implementation has been relatively straightforward: Workers have not needed to exercise much discretion, in part because there is limited information about clients' activities in the pre-time limit period. (Because most clients are deemed to have made a good-faith effort, there is little need for workers to deal with the more subjective "circumstances beyond control" safety valve.)

However, the situation may change over time because the rules become much tighter after clients receive extensions: The first instance of noncompliance during an extension period may result in permanent benefit cancellation. It seems likely that the state will begin to carefully monitor clients who have received extensions, and that more instances of noncompliance will be uncovered. At that point, workers will need to make difficult, case-by-case judgments about whether clients who quit jobs or failed to attend activities had "good cause," and whether recipients deemed not to have made a good-faith effort are facing circumstances beyond their control that prevent them from working.[27]

In the end, it seems likely that all time-limit programs will need to address the issue of worker discretion. In the late 1960s and early 1970s, federal courts, motivated in part by concerns about racial discrimination, dramatically restricted state and local discretion in imposing welfare eligibility requirements. This experience suggests that it may be challenging to maintain consistency and equity where substantial discretion exists, particularly in large-scale programs.

### Vermont's Work-Trigger Time Limit

Some early lessons have emerged from Vermont's attempt to impose a nearly universal work requirement for recipients who have reached a 30-month time limit. These lessons may be applicable to other states' efforts to impose work requirements at the two-year point under TANF.

Most important, the number of recipients placed in community service jobs has been far less than projected. For example, state planners had estimated that there would be more than 700 clients in community service jobs in late 1997 in the six research districts; in fact, the total was about 25. State staff see the small number of recipients in community service jobs as a sign of success: It means that most recipients who are meeting the work requirement were able to obtain unsubsidized jobs.

At the same time, however, it is important to note that, at any point in time, a substantial fraction of the recipients who have passed the time limit are not meeting the work requirement. A

[27]Determining whether there was good cause for job loss is particularly difficult because employers have an incentive to report that the former employee quit voluntarily or was fired for misconduct (neither of which is allowed under welfare rules). This may affect the individual's eligibility for unemployment compensation benefits and, consequently, the employer's Unemployment Insurance tax rate.

snapshot of the caseload in September 1997 found that 44 percent of those who had passed the time limit were meeting the requirement, 16 percent were exempt, 6 percent were being sanctioned, and the remainder – about one-third – were in none of these statuses. A detailed case review found that few clients were falling through the cracks, and identified several factors that seemed to explain the results described above:

- Many of the cases are extremely dynamic: Clients may quickly lose new jobs, thus leaving and reentering the welfare rolls, and workers are not able to respond immediately to these changes.[28]

- Many clients comply with program rules sporadically, causing delays in staff's efforts to put them to work.[29]

- As noted earlier, staff report that the time limit is bringing to the surface many recipients with serious emotional or physical problems that had long gone undetected. Some qualify for medical exemptions, but others do not. Staff need to work intensively with these clients.

- Consistent with the program model, state staff strongly favor unsubsidized employment over community service jobs. However, there seems to be some tension between the emphasis on unsubsidized employment and the goal of applying the work requirement universally. In some cases, staff favor unsubsidized employment so strongly that they are reluctant to settle for placing a client in a community service job. This can cause a delay, during which the client is seeking work, but not meeting the work requirement.

While some issues specific to Vermont may be affecting the early results there, these data suggest that even with universal work requirements in place, states will have a difficult time ensuring that all recipients are working at any point.

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[28]Clients who leave welfare and return must participate in a two-month job search before they are subject to the work requirement. Clients participating in this job search are not recorded as being in any of the major statuses captured by the state's computer system (for example, meeting the work requirement, being exempt, or being sanctioned). This means they would be counted among the one-third described above who were in no status.

[29]Clients' responses to staff's enforcement efforts may be affected by the fact that Vermont, unlike most other states, does not impose financial sanctions on noncompliant clients. Rather, the state takes over responsibility for these clients' grants and requires the clients to visit the welfare office three times each month.

Chapter 4

# Do Time Limits Make a Difference?

Some observers may believe that the purpose of a time limit is to end or greatly reduce long-term welfare receipt per se. From this perspective, the policy is automatically successful as long as grants are actually canceled when recipients exhaust their months.

Given the disparate goals for welfare reform discussed earlier in this report, however, many policymakers and program administrators are likely to judge the policy based on a broader set of criteria. For them, the bottom-line questions may include: How do time limits affect the behavior and well-being of welfare recipients and their families, the mission and activities of welfare staff, and the level of public spending on welfare and related programs? It is too soon to answer these questions definitively, but the results available at this point are starting to tell the story.

## Impacts on Recipients

One might hypothesize that the imposition of a time limit would generate several different kinds of changes in the behavior and well-being of current, former, or potential welfare recipients. These might include:

- **Deterrence effects**. Potential welfare applicants might decide not to apply for benefits (or might withdraw their application before completing it) in order to avoid using up their available months of benefit receipt. They might choose instead to look for a job, cut expenses, or seek support from family, with unknown impacts on their overall well-being.

- **Pre-time limit effects**. The existence of a time limit might affect recipients long before they actually exhaust their months of benefits. For example, people who go on welfare (or have already been receiving benefits when a time limit is imposed) might be inspired to find jobs and/or leave welfare more quickly before reaching the time limit in order to "bank" some of their available months; the time limit might induce some to take lower-wage jobs. Conversely, some might respond by enrolling in education or training programs (if such programs are available to them), which could actually keep them on welfare longer. Finally, some people might take other steps to prepare for the eventual loss of benefits, such as changing their living situation or helping the state establish and enforce child support orders for their children.

- **Post-time limit effects**. Once people reach a time limit and lose their welfare benefits, they might take a variety of steps to replace the lost welfare income or to cut expenses: They might go to work, try harder to keep jobs they already have, change their living arrangements, get together with a spouse or

partner, or delay further childbearing. Depending on whether these efforts are successful, the loss of welfare benefits might leave families better or worse off financially in the long term (outcomes are likely to differ for different subsets of families). In addition, many believe that families might derive nonfinancial benefits from being off welfare, regardless of their income level.

Unfortunately, for several reasons, it is difficult to determine whether the time limit per se is generating such changes. First, as discussed earlier, time limits are almost always implemented along with other policies that are designed to achieve similar goals. But most of the random assignment evaluations discussed in this report include only two research groups: a control group that is subject to the prior welfare rules and a program group that is subject to both the time limit and other simultaneous policy changes. If differences emerge between the two groups – for example, in employment rates – it is not possible to determine with certainty whether these impacts were driven by the time limit, the other policies, or some combination.[1]

Second, while random assignment studies can determine how families subject to a time limit (and other companion policies) fare, on average, compared to those who are not subject to these policies, it is difficult to isolate the impact of benefit termination on people who actually reach the "cliff." As noted earlier, only a fraction of program group members will reach a time limit, and it is difficult to determine which members of the control group should serve as the benchmark in assessing the post-time limit experiences of program group members who are cut off.[2] If an individual's behavior or status changes after she is cut off welfare, it is hard to tell without a clear benchmark whether the change was actually generated by the cut-off.

Third, the random assignment studies are not designed to measure whether the time-limit programs are increasing or decreasing the number of people who apply for welfare. Typically, people are randomly assigned to the research groups when they apply for benefits, and the study can measure only changes that occur from that point forward. If someone decides not to apply for welfare, she will not enter the study. Of course, it is possible to examine aggregate statistics on the number of applications submitted during months before and after a time-limit program is implemented, but it is hard to determine whether any changes that are observed were driven by the reform or by changes in labor market conditions or other external factors.

With these cautions in mind, the reminder of this chapter discusses what has been learned about the three types of potential impacts discussed above.

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[1]The Vermont evaluation is an exception because it includes two program groups, one subject to the state's full welfare reform package and one subject to all elements of the package except the time limit. Comparing results for the two program groups helps to isolate the added impact of the time limit.

[2]A growing fraction of program group members will reach the time limit over time. Thus, if a study's follow-up period is fairly long, people who reach the time limit will have more and more influence on the overall average outcomes for the program group, making this problem less serious.

**Deterrence Effects**

Although the studies do not specifically address whether any of the waiver programs have encouraged or discouraged people from starting the welfare application process, it is possible to measure whether the programs cause people to withdraw their applications before they actually start to receive benefits. Typically in the random assignment studies, as shown in Figure 4.1, individuals went through random assignment early in the application process – before the application had been approved or denied – and people assigned to the program group were then immediately informed about the time limit. Application withdrawals occur with or without time limits – for example, because applicants' circumstances change before their grants are approved – but the presence of a time limit might induce some additional program group members to decide not to start receiving benefits.

The Florida and Vermont evaluations have found no evidence that the time limits reduced the number of applicants who went on to receive benefits in the period just after they were randomly assigned. In fact, in both instances, program group members were slightly *more* likely to receive benefits during that period, probably because they were subject to somewhat more generous welfare eligibility rules.[3] In Vermont, it is possible to examine the impact of the time limit more directly by comparing the results for the research group subject to all features of the state's reform with the results for the group subject to all features except the time limit. Again, there was no significant difference between these two groups in the rate of welfare receipt among applicants just after random assignment (although, as discussed below, such impacts began to emerge shortly thereafter). These results strongly suggest that the Florida and Vermont time limits did not induce many people to withdraw their applications, although it is important to note that neither program actively sought to "divert" people from receiving benefits.[4]

One might argue that if the Florida and Vermont time limits did not make applicants less likely to go on welfare *after they heard the policy described*, it is unlikely that the limit deterred other people from applying in the first place. After all, non-applicants cannot have known much about the policy. However, it is possible that the decision about whether to apply for welfare is fundamentally different from the decision about whether to complete an application once it is initiated. If so, the lack of impact on applicants may not say much about whether the time limits deterred people from applying for benefits. In addition, these results are drawn from the period just after the programs started operating; the new policies may not have been widely known in

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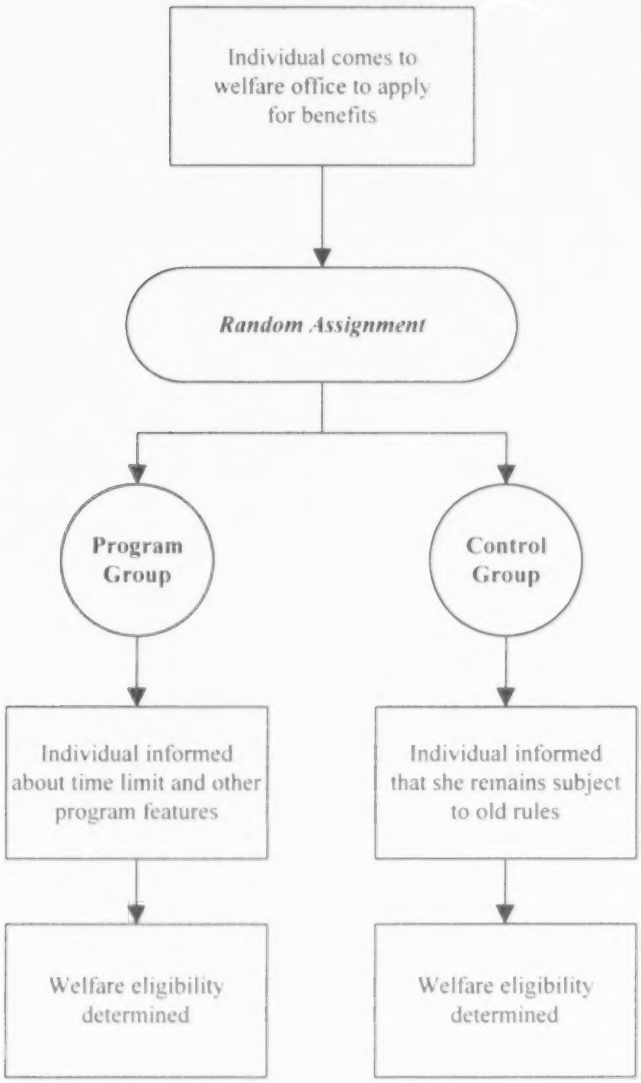
[3]For example, in both states, the new rules allowed program group members could be approved for benefits if they had a car of moderate value, while control group members could not have as good a car and be approved for welfare.

[4]A non-random assignment study of Wisconsin's Work Not Welfare pilot found a high rate of diversions, among both new applicants and ongoing recipients. In other words, when they were informed about WNW, many applicants decided not to go on welfare and, more surprisingly, many on-board recipients decided to leave the rolls. As noted earlier, the time limit was one of the issues workers discussed when seeking to divert clients from cash assistance. However, as discussed further below, other evidence presented in the study suggests that the time limit may not have played the central role in generating these diversions.

**Figure 4.1**

**Simplified Illustration of the Typical Random Assignment Process for Welfare Applicants in Random Assignment Evaluations**


Individual comes to welfare office to apply for benefits
Random Assignment
Program Group
Control Group
Individual informed about time limit and other program features
Individual informed that she remains subject to old rules
Welfare eligibility determined
Welfare eligibility determined

the community at that point. Further study using a different research design is needed to estimate the impact of time limits on the rate of welfare applications.[5]

### Pre-Time Limit Impacts

To date, five of the waiver evaluations have released information on program impacts – that is, differences between the behavior of people in the program and control groups.[6] In addition, the study of Wisconsin's Work Not Welfare pilot produced impact results from a non-random assignment study. These results primarily cover the pre-time limit period – the period before recipients could have reached the time limit. This information is important because it is critical to understand whether time limits cause recipients to find jobs and/or leave welfare more quickly than they would have otherwise. If this does not happen, previous studies suggest that a large proportion of welfare recipients will reach time limits eventually and may have to cope with the loss of benefits.

**Impacts on employment and welfare receipt**. The programs' early effects on two key outcomes – employment and welfare receipt – are summarized in Tables 4.1 and 4.2. Table 4.1 shows the percentage employed and the average earnings per person for program and control group members in Delaware, Florida, Indiana, and Vermont (the Arizona study will soon be releasing published data on employment impacts). Table 4.2 shows the percentage receiving cash assistance and the average amount of cash assistance received per person for all five programs (results from the Wisconsin pilot are discussed separately). To facilitate comparisons, the top panel of each table shows the results for each program at the end of the first year of the follow-up period (year 1), and the bottom panel shows results at the end of the second year (year 2), where available.

Two issues are important to understanding these results: First, the average earnings and average welfare payment amounts in the right-hand panel of each table encompass all members of each research group, including those who were not working or receiving welfare in the specified period. For example, in Delaware, roughly half the members of each research group had zero earnings in the last quarter of year 1, but they are included in the averages. (On average, *employed* program group members earned about $2,179 in the quarter, compared with $2,332 for employed control group members.) Second, the results in Table 4.2 for Arizona are not directly comparable to the others because they cover a one-month, rather than three-month, period;[7] this explains, for example, why the average welfare payment amount is so much smaller in Arizona than in the other states.

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[5]MDRC's ongoing Project on Devolution and Urban Change will address this issue in four major cities.

[6]The first impact data for Connecticut's program – which was implemented somewhat later than the others – are scheduled for 1999.

[7]Earnings data obtained from state unemployment insurance systems are aggregated into calendar quarters. In the Delaware, Florida, Indiana, and Vermont studies, cash assistance data have been aggregated into quarters so that they will match the earnings data.

## Table 4.1

### Early Impacts on Employment and Earnings for Four Time-Limited Welfare Programs

| Selected Welfare Programs | Percent Employed | | | | Average Earnings per Person ($) | | | |
|---|---|---|---|---|---|---|---|---|
| | Program Group | Control Group | Difference (Impact) | Percentage Change | Program Group | Control Group | Difference (Impact) | Percentage Change |
| **Last quarter of year 1** | | | | | | | | |
| Delaware | 55.7 | 44.9 | 10.8 *** | 24.1 | 1,214 | 1,047 | 167 * | 16.0 |
| Florida | 45.2 | 40.8 | 4.3 ** | 10.6 | 819 | 715 | 104 ** | 14.5 |
| Indiana[1] | 57.6 | 50.0 | 7.6 *** | 15.2 | 1,250 | 1,000 | 250 *** | 25.0 |
| Vermont | 42.5 | 40.0 | 2.5 | 6.3 | 887 | 854 | 33 | 3.9 |
| **Last quarter of year 2 (if available)** | | | | | | | | |
| Florida | 51.7 | 43.5 | 8.2 *** | 18.9 | 1,058 | 851 | 207 *** | 24.4 |
| Indiana[1] | 57.2 | 54.4 | 2.8 | 5.1 | 1,433 | 1,374 | 59 | 4.3 |
| Vermont (quarter 7) | 46.1 | 43.5 | 2.6 | 5.9 | 1,075 | 1,071 | 4 | 0.3 |

SOURCES: Bloom et al., 1998 (Florida); Bloom et al., 1998 (Vermont); Fein and Karweit, 1997 (Delaware); Fein et al., 1998 (Indiana).

NOTES: Differences marked with three asterisks are statistically significant at the 1 percent level — that is, there is at least a 99 percent probability that the program actually had an impact on that outcome. Differences marked with two asterisks are statistically significant at the 5 percent level, and those marked with one asterisk are statistically significant at the 10 percent level.

Dollar averages include zero values for sample members who were not employed.

[1]The results for Indiana are for the subgroup of sample members predicted to be in the "placement track." The time limit only applied to placement track clients during the study period.

## Table 4.2

### Early Impacts on Cash Assistance Receipt and Payment Amounts for Five Time-Limited Welfare Programs

| Selected Welfare Programs | Percent Receiving Cash Assistance | | | | Average Amount of Cash Assistance per Person ($) | | | |
|---|---|---|---|---|---|---|---|---|
| | Program Group | Control Group | Difference (Impact) | Percentage Change | Program Group | Control Group | Difference (Impact) | Percentage Change |
| **Last quarter of year 1** | | | | | | | | |
| Arizona[1] | 53.3 | 51.4 | 1.9 | 3.6 | 147 | 148 | -1 | -0.6 |
| Delaware | 65.7 | 65.6 | 0.1 | 0.2 | 512 | 588 | -76 *** | -12.9 |
| Florida | 56.2 | 54.4 | 1.9 | 3.4 | 400 | 420 | -20 | -4.8 |
| Indiana[2] | 43.3 | 52.6 | -9.3 *** | -17.7 | 296 | 389 | -93 *** | -23.9 |
| Vermont | 67.3 | 66.5 | 0.9 | 1.4 | 960 | 976 | -16 | -1.6 |
| **Last quarter of year 2 (if available)** | | | | | | | | |
| Florida | 35.9 | 38.1 | -2.2 | -5.8 | 217 | 271 | -54 *** | -19.9 |
| Indiana[2] | 25.4 | 29.3 | -3.9 | -13.3 | 152 | 200 | -48 *** | -24.0 |
| Vermont | 52.2 | 52.6 | -0.4 | -0.8 | 713 | 743 | -29 | -3.9 |

SOURCES: Bloom et al., 1998 (Florida); Bloom et al., 1998 (Vermont); Fein and Karweit, 1997 (Delaware); Fein et al., 1998 (Indiana); Mills et al., 1997 (Arizona).

NOTES: Differences marked with three asterisks are statistically significant at the 1 percent level --- that is, there is at least a 99 percent probability that the program actually had an impact on that outcome. Differences marked with two asterisks are statistically significant at the 5 percent level, and those marked with one asterisk are statistically significant at the 10 percent level.

Dollar averages include zero values for sample members who were not receiving cash assistance.

[1] The data from Arizona refer to month 12 of the follow-up period rather than to a full quarter.

[2] The results for Indiana are for the subgroup of sample members predicted to be in the "placement track." The time limit only applied to placement track clients during the study period.

### What Do These Results Say About Overall Declines in Welfare Caseloads?

As shown in Table 4.2, the Arizona, Delaware, Florida, and Vermont evaluations found that these states' welfare reforms did not reduce the number of people receiving cash assistance in the pre-limit time period. And yet the overall welfare caseload declined substantially in each of these areas during the period covered by the studies. How can this be?

The most obvious explanation is that most of the overall caseload decline was driven by the economy or other external factors, rather then by the welfare reform policies.

It is important to note, however, that the reforms may have reduced the number of people who applied for welfare, and that this reduction may be partly responsible for the overall caseload decline. As discussed earlier, the studies are not designed to measure this.

In addition, the reforms may have contributed to the caseload decline indirectly, by changing people's overall views about welfare (for example, by increasing the level of uncertainty about the future of welfare). This broad change in perception may have affected the behavior of control group members; if so, it would not be captured in the impact results.

Two general patterns are evident from these results:

- All four of the programs for which employment data are available have generated increases in employment rates in the pre-time limit period. (Vermont's program generated statistically significant impacts on employment in several quarters, but not in the quarters shown in Table 4.1.[8])
- Table 4.2 shows that four of the five programs (Indiana is the exception) did *not* reduce the number of people receiving welfare during this early period (see box for a discussion of the relationship between this result and the overall declines in welfare caseloads in recent years). Both the Delaware and Florida programs reduced the average welfare payment per person, even though they did not reduce the number receiving welfare. This pattern probably occurred because program group members were more likely to be working – and thus receiving only partial welfare grants – and/or because program group members were more likely to be sanctioned. (Control group members, operating

[8]Impacts marked with asterisks are considered to be statistically significant. This means that the difference between groups is very unlikely to have arisen by chance.

under prior rules, were subject to less intensive mandates to participate in employment-related activities.)

At first glance, these results suggest that time limits may cause some recipients to go to work, but that they do not induce many people to leave welfare more quickly in the pre-time limit period in order to "save" or "bank" their available months. But the full story is more complicated.

First, it is likely that the Delaware and Florida programs would have reduced the rate of welfare receipt in the pre-time limit period had they not included financial work incentives that allowed people to earn more without losing eligibility for welfare. This is illustrated in Figure 4.2, which shows the status of Florida program and control group members at the end of the second year of the follow-up period. The figure shows that FTP reduced the number of people who were receiving welfare and not working, but did not substantially increase the number who were working and off welfare; rather, it increased the number who *combined* work and welfare. This occurred because employed program group members were more likely than employed control group members to continue receiving welfare. Since employed people in the two groups earned similar amounts (that is, control group members did not obtain higher-paying jobs that were more likely to make them ineligible for welfare), this pattern is likely attributable to FTP's earned income disregard. If employed people in the two research groups had been equally likely to leave welfare, both the Florida and Delaware programs would have generated significant reductions in the rate of welfare receipt.[9]

Second, although at least four of the programs have generated some pre-time limit impacts, it is difficult to determine the extent to which these effects were driven by the time limit, as opposed to other program features. The Vermont study, which provides the most direct evidence on this point, suggests that time limits may exert some modest impact on recipients' behavior during the pre-time limit period. As discussed earlier, the Vermont study includes two program groups, and the only difference between them is that one is subject to a work-trigger time limit and the other is not. Table 4.3 shows the outcomes for these two groups near the end of the second year of the follow-up period. As the table shows, recipients subject to both enhanced financial work incentives (for example, enhanced earned income disregards and transitional benefits) and the time limit were more likely to be working and less likely to be receiving welfare than were people who received only the incentives. In other words, the time limit – when combined with the incentives – seemed to cause some people to find jobs and leave welfare during the pre-time limit period.[10] (Some might argue that the impacts of a "tougher" time limit would have been even larger. However, it is worth noting that anecdotal evidence indicates that many Vermont recipients believed that their state had implemented a benefit-termination time limit.)

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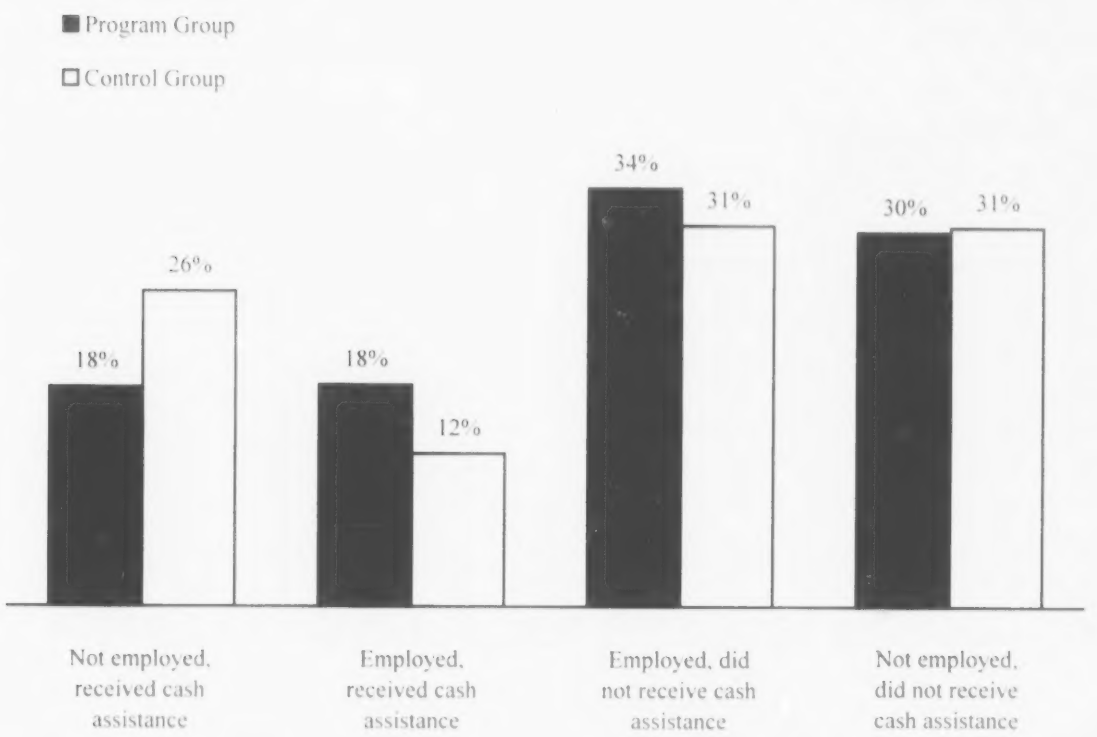
[9]Of course, the financial incentives may have contributed to the employment gains; thus, without the incentives, the programs might have generated smaller employment impacts.

[10]These results do not provide direct evidence on the impact of the time limit alone. In order to measure that impact, it would have been necessary to create a group subject to the time limit but not the incentives.

**Figure 4.2**

**Florida's Family Transition Program:**
**Status of Program and Control Group Members in the Last Quarter of Year 2**




SOURCE: Bloom et al., 1998.

**Table 4.3**

**Vermont's Welfare Restructuring Project: Results for the 7th Quarter of Follow-Up**

| Status | Group Subject to Time Limit and Incentives | Group Subject to Incentives Only | Difference (Impact) |
|---|---|---|---|
| Employed (%) | 46.1 | 41.8 | 4.3 *** |
| Received cash assistance (%) | 54.9 | 57.9 | -3.0 * |
| **Employment, by public assistance status (%)** | | | |
| Employed and receiving cash assistance | 18.9 | 18.8 | 0.1 |
| Not employed and receiving cash assistance | 36.0 | 39.1 | -3.1 * |
| Employed and not receiving cash assistance | 27.2 | 23.0 | 4.3 *** |
| Neither employed nor receiving cash assistance | 17.9 | 19.1 | -1.3 |

SOURCE: Bloom et al., 1998.

NOTE: Differences marked with three asterisks are statistically significant at the 1 percent level — that is, there is at least a 99 percent probability that the program actually had an impact on that outcome. Differences marked with two asterisks are statistically significant at the 5 percent level, and those marked with one asterisk are statistically significant at the 10 percent level.

It is more difficult to assess the independent impact of the time limit in Delaware, Florida, and Indiana because there are only two research groups in each study. The available evidence suggests that the time limits may have had some impact on recipients' behavior during the pre-time limit period. For example, one would normally expect that financial incentives such as those implemented in Delaware and Florida would have caused an *increase* in welfare receipt, at least in the short term, because these policies allow some people who would have worked anyway to retain eligibility for some benefits. In fact, however, Delaware's program did not increase welfare receipt at all, and Florida's did so only slightly. This suggests that some other aspect of each program – perhaps knowledge of the time limit – was causing some people to leave welfare more quickly, counteracting the incentives' tendency to keep others on welfare longer. Indeed, some recent analysis using data from the Florida study suggests that the overall results may be masking some "banking" activity, particularly among recipients with young children.[11]

At the same time, the evidence suggests that the impacts generated by the time limits per se were probably not very large. In all three states, program group members faced tougher work-related requirements while on welfare and were more likely than control group members to participate in employment-related activities.[12] In the past, programs that required recipients to par-

[11]Grogger and Michalopoulos, 1999.

[12]For example, in Florida, 58 percent of program group members participated in employment-related activities arranged by the welfare agency within 18 months after entering the study, compared with 21 percent of control group members. There were also significant differences in participation rates between the groups in Delaware and Indiana.

ticipate in employment services – but did not impose time limits – generated impacts that are similar to those measured in these studies. It seems plausible that work-related requirements – which affect recipients in the short term – would be more likely to influence recipients' behavior than knowledge of a distant time limit.[13] Indeed, all three studies have presented evidence suggesting that the time limits may not be the central factor driving recipients' behavior in the pre-time limit period:

- In Florida, program group members who responded to a survey two years after enrollment in FTP were asked how much five particular features of the program – education and training services, the time limit, support services, the earned income disregard, and advice and support from staff – had influenced their decisions about work. The time limit was the least influential of the features, with 28 percent of respondents saying it had influenced their decisions "a lot." In contrast, 49 percent said that FTP's support services (for example, child care and transportation assistance) had influenced their decisions "a lot." Program staff generally agreed with this perception: In a survey, fewer than half of FTP case managers reported that reminding clients about the time limit was an effective way to increase their motivation.

- The authors of the Indiana study suggest, in their report, that the program's early impacts on employment and welfare receipt were driven by an expansion and reorientation of the state's welfare-to-work program. They noted that the time limit had not been strongly emphasized by program staff.

- The authors of the Delaware study suggest, in their report, that the program's tough mandates and sanctions were the key factor that caused some program group members to leave welfare more quickly, even if they did not have jobs.

Finally, some additional evidence on this point comes from the non-random assignment study of Wisconsin's Work Not Welfare pilot, a program that appears to have generated a large decrease in welfare receipt during the pre-time limit period. Table 4.4 shows the percentage of December 1994 welfare recipients who were still receiving benefits during the subsequent two years in Fond du Lac, the larger of the WNW pilot counties, and two similar Wisconsin counties that did not implement WNW. The data show that the on-board caseload left the rolls much more quickly in Fond du Lac. By the end of 1995, fewer than one-third of the December 1994 recipients were still on welfare in Fond du Lac, compared with more than half in the other two counties.

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[13]The nature of employment activities in Delaware, Florida, Indiana, and Vermont may also help to explain the differences in the pattern of employment impacts generated by these programs. The "work first" focus in Delaware and Indiana may explain the relatively large initial impacts in these programs. Florida's FTP, with a greater focus on skill-building activities, began to generate employment gains later (many program group members initially entered education or training activities, which kept them out of the labor force temporarily). Vermont's modest early impacts seem consistent with the fact that single parents were not required to enter employment-related activities until just before the time limit.

By the end of 1996, however, the differences had narrowed considerably. The authors of the report suggest that this narrowing may have occurred because in 1996 the comparison counties implemented two features of WNW – an upfront diversion program and a tough work requirement – but not the time limit. In other words, it appears that the comparison counties achieved caseload reductions similar to Fond du Lac's without a time limit. This explanation meshes with the perceptions of WNW staff, who reported to MDRC researchers that the work requirements – which affected clients immediately, rather than two years in the future – were the primary factor behind the county's large caseload decline (along with the strong labor market).

**Table 4.4**

**Wisconsin's Work Not Welfare Program:**
**Percentage of December 1994 Cash Assistance Recipients**
**Still Receiving Benefits in Selected Months**

| Selected Months | Fond du Lac County (Work Not Welfare) | Portage County (Comparison County) | Manitowoc County (Comparison County) |
|---|---|---|---|
| June 1995 | 51.7 | 71.0 | 66.7 |
| December 1995 | 32.3 | 54.0 | 56.2 |
| June 1996 | 22.9 | 33.7 | 37.8 |
| December 1996 | 15.6 | 17.5 | 24.4 |

SOURCE: MAXIMUS, 1997.

**Impacts on other outcomes**. The Florida evaluation has reported data from a survey of program and control group members conducted about two years after people entered the study. The survey covered a range of outcomes that could not be measured from other data sources.

Once again, it is difficult to isolate the impact of the time limit, but these results suggest that it had, at best, a modest impact on recipients' behavior in the pre-time limit period. FTP did not significantly affect child support receipt, childbearing, marriage rates, or mobility (as measured by the number of moves). The program does appear to have helped recipients obtain better jobs – that is, full-time jobs and jobs that were more likely to provide fringe benefits – but it seems more likely that this impact was driven by FTP's emphasis on training than by its time limit.

There is evidence that FTP's time limit may have spurred some recipients to enter education and training; as noted earlier, staff stressed this strategy in their discussions with clients.

**Why don't time limits make a bigger difference in the pre-time limit period?** These results suggest that the presence of a time limit may spur some welfare recipients to find work or leave welfare more quickly in the pre-time limit period, but that such impacts are probably modest. There are several possible reasons why this may be the case.

One potential explanation involves a limitation of the research design used in these studies. For such a study to fully measure pre-time limit impacts, there must be a substantial treat-

ment difference – that is, program group members must be aware that they are subject to a time limit and, in contrast, control group members must *not* believe that they are subject to a limit. In practice, however, it is quite difficult to maintain such a treatment difference when welfare reform in general – and time limits in particular – is receiving heavy media coverage. Surveys show that from 29 percent (Florida) to 66 percent (Delaware) of control group members who were surveyed reported, incorrectly, that they were (or had been) subject to a time limit. This narrows the "treatment" difference between the groups and reduces the chances that the study will measure impacts driven by the time limit.[14] Even if control group members know that they are not subject to the specific features of the waiver program, they may be affected by a broader shift in societal views about welfare.

A second possible reason lies in the way the time-limit message is transmitted from staff to program group members. As discussed earlier, researchers noted that staff in several of the programs either did not strongly emphasize the time limit, or had limited contact with clients and could not strongly reinforce its significance. Staff in Florida focused on the time limit and had frequent contact with recipients, but did not necessarily convey a message that recipients should respond by getting a job or leaving welfare as quickly as possible.

That being said, it also appears that simple human nature explains why many recipients do not respond early to time limits. Data from surveys and focus group discussions suggest that many recipients support the general concept of time limits (as long as some flexibility is allowed), but see the time limit as a distant concern while they are still far from reaching it.[15] In the short term, recipients are more likely to focus on the day-to-day problems and concerns that confront low-income single mothers (paying bills, keeping their children out of trouble, and so forth). When asked about welfare reform measures, clients were most likely to mention policies such as work requirements that affect them immediately. Some clients seemed concerned about the time limit in a general sense, but had no plan for translating that concern into a specific strategy for moving to self-sufficiency. There was almost no discussion of the need to "bank" months of assistance for a "rainy day." To adopt this strategy, a recipient would need to believe that the future would likely be worse than the present, but many people seemed to be more optimistic, believing that their eventual exit from welfare would be permanent (even though many said they had left and returned to welfare several times in the past).[16]

There is also some evidence that time limits may keep some recipients on welfare longer. In the Florida and Connecticut studies, small numbers of program and control group members

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[14]This type of "contamination" is problematic, but does not fundamentally threaten most of the studies, for two main reasons. First, even if some control group members believe they are subject to a time limit, program group members are much more likely to believe this. For example, around 90 percent of program group members in Florida and 84 percent in Delaware reported that they were subject to a time limit. With such a large "treatment" difference, the study would likely be able to detect pre-time limit impacts if they exist. Second, even if control group members believe they are subject to a time limit, the fact is that their benefits will not be canceled when they reach it. Thus, over the long term, there remains a substantial treatment difference between the groups.

[15]In a survey of Escambia County, Florida, FTP clients, just over half of the respondents said it was fair to impose a time limit on welfare receipt, just over one-fourth said it was unfair, and the rest said "it depends."

[16]See Brown, Bloom, and Butler, 1997, for a fuller discussion of clients' perspectives.

were surveyed by telephone about three months after their random assignment date and asked how long they expected to remain on welfare. Many program group members gave an answer that corresponded roughly to the length of their time limit, while control group members were more likely to predict a shorter stay. In other words, it appeared that some clients had adopted the time limit as their personal schedule for leaving welfare, rather than trying to leave earlier. This may be because clients wanted to take advantage of training opportunities or earned income disregards and, as discussed above, did not believe they would need welfare again in the future.

### The Post-Time Limit Period

One of the central questions relating to welfare time limits is how families fare after they reach a time limit and have their welfare grants canceled. At this point, the evidence on this key question is limited because so few recipients nationwide have reached a benefit-termination time limit, and because relatively little time has elapsed since people began reaching limits in the waiver states.

In addition, while it is possible to gather data on such families over time – indeed, the Florida and Connecticut evaluations include sub-studies of families who have reached the time limit – it is difficult to establish a chain of causality linking changes in families' situations in the post-time limit period with the time limit per se. As explained earlier, this is because it is impossible to know what would have happened to these families had they been allowed to remain on welfare. For example, if someone finds a job after her benefits are canceled, it is not possible to say that she would not have done so otherwise. Similarly, if someone is evicted from her apartment after benefit termination, one cannot conclude that this would not have happened had she been allowed to stay on welfare.

**Overall impacts in the post-time limit period**. One way to address this issue is to examine a program's overall impact during the period after some program group members have reached the time limit. For example, the Florida study examined results for a three-year follow-up period; a small proportion of program group members reached the time limit during year 3. Although FTP did not reduce the rate of welfare receipt in the pre-time limit period (as discussed earlier), Table 4.5 and Figure 4.3 show that a substantial impact began to emerge after the two-year point. In the last quarter of year 3, 19 percent of program group members were receiving cash assistance, compared to 28 percent of control group members. This result is consistent with the fact that about 7 percent of program group members had reached the time limit and had their benefits terminated by that point.

Interestingly, the last line of Table 4.5 also shows that, on average, program group members had significantly higher combined income from cash assistance, Food Stamps, and earnings during year 3, despite the fact that some members of the program group had reached the time limit by that point. However, this does not mean that program group members who reached the time limit saw their income rise. As noted earlier, people who reached the limit account for a small proportion of the full program group, and thus do not much affect the overall averages for the group. These results suggest that income losses for individuals who reached the time limit were more than offset by income gains for those who did not.

**Table 4.5**

**Florida's Family Transition Program:**
**Summary of Impacts in the Last Quarter of Year 3 of the Follow-up Period**

| Outcome | Program Group | Control Group | Difference (Impact) | Percentage Change |
|---|---|---|---|---|
| Ever employed (%) | 49.7 | 44.2 | 5.5 *** | 12.5 |
| Average total earnings ($) | 1,238 | 1,009 | 229 *** | 22.7 |
| Ever received cash assistance (%) | 18.6 | 27.9 | -9.3 *** | -33.3 |
| Average amount of cash assistance received ($) | 101 | 179 | -78 *** | -43.7 |
| Ever received any Food Stamp payments (%) | 42.6 | 45.4 | -2.8 | -6.2 |
| Average amount of Food Stamp payments ($) | 235 | 265 | -30 ** | -11.3 |
| Average total income from earnings, AFDC/TANF, and Food Stamps ($) | 1,574 | 1,453 | 121 * | 8.3 |
| Sample size | 1,405 | 1,410 | | |

SOURCE: Bloom et al., 1999.

NOTES: Differences marked with three asterisks are statistically significant at the 1 percent level — that is, there is at least a 99 percent probability that the program actually had an impact on that outcome. Differences marked with two asterisks are statistically significant at the 5 percent level, and those marked with one asterisk are statistically significant at the 10 percent level.

Dollar averages include zero values for sample members who were not employed or were not receiving AFDC/TANF or Food Stamps.

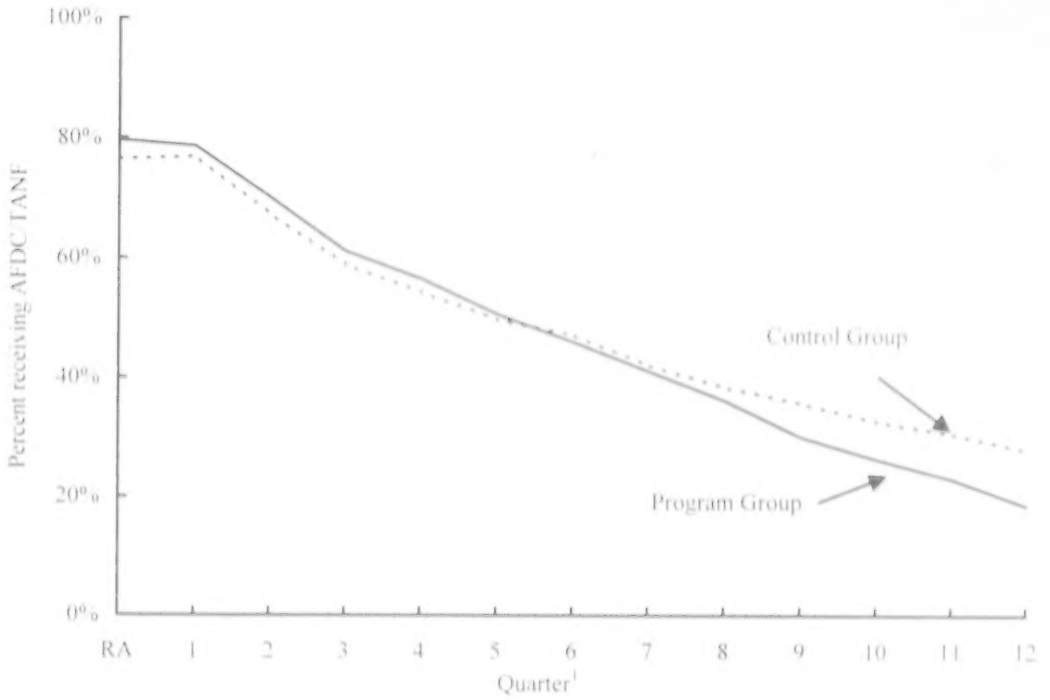
As shown in Figure 4.4, the Vermont study examined partial data for a 33-month follow-up period for early enrollees. The top part of the figure shows that, in month 27 of the follow-up period (before anyone could have reached the 30-month time limit), program group members were only slightly less likely than control group members to be receiving cash assistance without reporting any employment. In contrast, by month 33, after some program group members had reached the time limit and become subject to the work requirement, a substantial difference had emerged: Only 22.6 percent of program group members were receiving cash assistance without reporting employment, compared to 32.3 percent of control group members.[17]

Thus, in both cases, the pattern of overall impacts changed dramatically just after some clients began to reach the time limit. It seems very likely that the time limits were largely responsible.

[17]Complete data on employment were not available for this period. Thus, Figure 4.4 reflects only employment that was reported to the welfare office. Because program group members have stronger incentives to report such employment after reaching the time limit (because they are subject to a work requirement), it is not clear whether these results reflect an increase in actual employment or only an increase in reported employment.

**Figure 4.3**

**Florida's Family Transition Program:**
**Rate of Cash Assistance Receipt During the First Three Years of the Follow-up Period**



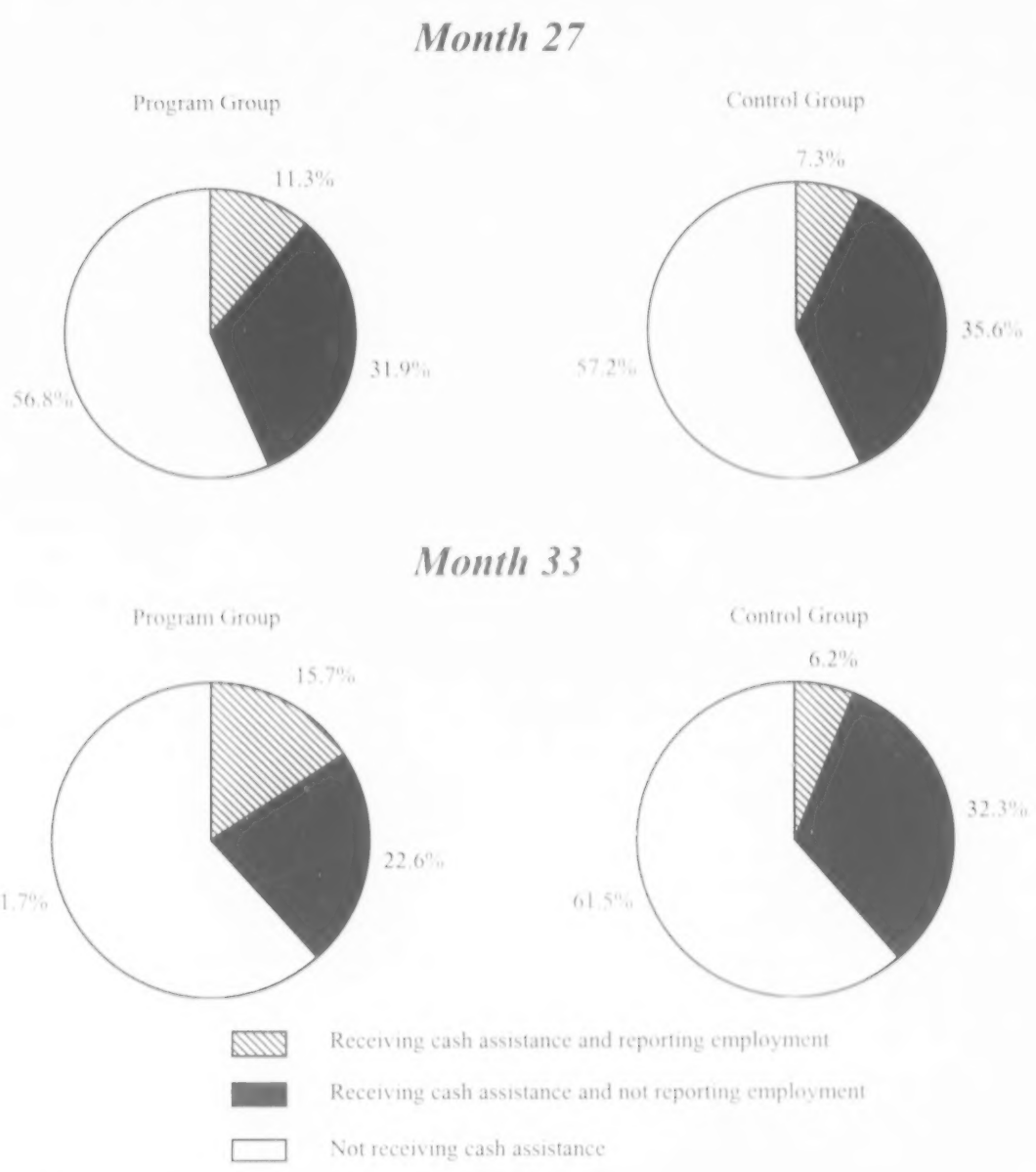

SOURCE: Bloom et al., 1999.

NOTES: RA refers to the calendar quarter in which random assignment occurred.

[1]This refers to the quarter (3-month period) following each person's random assignment date. For example, the figure shows that 23 percent of program group members and 32 percent of control group members received cash assistance in the 11th quarter following their date of random assignment.

**Figure 4.4**

**Vermont's Welfare Restructuring Project:**
**Cash Assistance and Employment Status of Single Parents in the Program and Control Groups in Months 27 and 33 of the Follow-up Period**




SOURCE: Bloom et al., 1998.

NOTES: A parent who was receiving cash assistance in a month and reported earnings to Vermont's Department of Social Welfare (DSW) was considered employed.

The WRP evaluation includes two program groups. The figure shows results for the program group subject to both the time limit and the enhanced financial work incentives.

**Descriptive studies of clients who have reached time limits**. In Florida, MDRC is conducting an intensive study of about 70 families who reached FTP's time limit and had their welfare benefits canceled. About half of these families were subject to a 24-month time limit and the other half were subject to a 36-month limit.[18] The study involves four in-depth interviews with each participant: one around the time her grant is canceled, and subsequent contacts 6, 12, and 18 months later. To date, MDRC has reported on the results of the first and second interviews with 57 clients.

The Connecticut post-time limit study has a different design: A survey firm contacted approximately 500 people for relatively brief (15- to 20-minute) telephone interviews 3 months and 6 months after their benefits were discontinued. A subset of about 50 people will be contacted for an in-depth interview at the 12-month point. As of now, MDRC has reported results from the 3-month and 6-month post-time limit waves; the survey firm was able to locate about 82 percent of those targeted for the study at the 6-month point.

Three broad conclusions are suggested by the early results from the Florida and Connecticut post-time limit studies. First, in order to assess the post-time limit status of former recipients, it is critical to understand the time-limit policy and how it is implemented. For example, as described earlier, owing to the way Connecticut's time-limit extension policy has been implemented, a large majority of the clients whose benefits are discontinued are employed. Most of the recipients who reach the time limit without jobs receive extensions. Thus, one would expect most former recipients to be employed in the immediate post-time limit period.

Second, when discussing the post-time limit status of former recipients, it is not enough to know whether they are employed. Both before and after reaching the time limit, many of these individuals live in complicated households that include other adults who may be partly supporting them or providing free housing; others receive substantial financial or other support (such as babysitting) from relatives or friends who do not live with them. Thus, recipients who are not employed may be relying on other sources of support. Conversely, some employed individuals may be earning very small amounts and have few additional sources of support. In sum, while employment status is an important variable, it does not necessarily capture a former recipient's overall financial well-being.

Third, the interaction of time limits and earned income disregards complicates the post-time limit story. Disregards, in effect, allow welfare recipients to keep more of what they earn because their welfare grants are not lowered a dollar for every dollar earned (instead, a portion of their earnings is disregarded when the welfare grant is calculated). If there are disregards in place, many of the people who reach time limits are likely to be working (if not for the disregards, these people would likely have become ineligible for welfare earlier). These individuals will almost surely experience a drop in income when their benefits are canceled, but they may still have more income than a family on welfare with no earned income. In this case, pre-post

[18] The 24-month participants in the study reached the time limit between November 1996 and May 1997. The 36-month clients reached the limit between June 1997 and February 1998.

comparisons of families' income before and after the time limit can be deceptive because the disregards gave these families "artificially" high income before the time limit.

**Post-time limit results from Florida**. A little less than half of the sample members for this small study were employed during their last month on welfare. These individuals were relying mainly on their own earnings, supplemented with partial welfare grants and Food Stamp benefits. The other sample members were unemployed during their last month of assistance; they were relying mainly on cash assistance and Food Stamps. Many were also living with family members.

Overall, sample members reported somewhat lower average income at the six-month follow-up point than during their last month receiving cash assistance. Sample members had higher average *earnings* following termination, but this increase was more than offset by the loss of public assistance income.[19] It is particularly notable that a number of people stopped receiving Food Stamps after the time limit even though they were not employed. These people may have incorrectly believed that the time limit applied to their Food Stamp benefits, and failed to take the steps necessary to keep their Food Stamp case open. They also may have left the state or moved in with family.

The overall income figures mask the fact that some families gained income after the time limit while a greater number lost income. Many of those who lost income were employed when they reached the time limit; FTP's earned income disregard had allowed them to continue receiving benefits. At the time limit, they lost their welfare check. It is worth noting that, despite the income decline, most families appeared to have more income after the time limit than a non-working family would receive from AFDC/TANF and Food Stamps – although their expenses for child care, transportation, and other items may also have been higher.

Despite the overall income loss, the available data show little evidence that families were more likely to experience severe material hardship after the time limit than they had experienced before. This does not mean families were not experiencing hardship – Florida's relatively low cash assistance grants leave people far below the poverty line – but it does not appear that the most serious problems such as homelessness or hunger were more prevalent after the time limit. However, longer follow-up is needed to understand whether respondents' short-term coping strategies can be maintained over time.

Interestingly, there was relatively little change in sample members' employment status in the immediate post-time limit period. Of the 57 people in the post-time limit study, 24 were employed in the final month on welfare and 28 were employed six months later. Among the 30 respondents with a 36-month time limit, 10 were working in their last benefit month and the same number were employed six months after termination. However, as noted earlier, a respondent's employment status per se is not necessarily a clear indicator of her financial well-being. Some respondents who were not working were living with a partner or parent who was at least partly supporting them. In contrast, some who were employed were earning low wages and struggling to make ends meet. A key factor affecting respondents' well-being was their housing expenses;

[19]These data come from Florida administrative records.

those who lived in public or subsidized housing paid little or no rent when their income was very low.

**Post-time limit results from Connecticut**. As discussed earlier, owing to the way Connecticut's time-limit extension policy has been implemented, most of the clients whose grants are discontinued at the time limit are employed and have income over the welfare payment standard. Thus, it is not surprising that 83 percent of the survey respondents were employed six months after termination.[20] Employed respondents were working an average of 35 hours per week, and their weekly earnings averaged $270.[21] On average, the respondents' primary job paid $7.82 per hour. Their total household income averaged $1,100 in the month prior to the follow-up interview (households with three members had average total income of $1,046, and those with four members averaged $1,141).[22] About 65 percent of respondents had higher household income six months after termination than the combined total of cash assistance and Food Stamps for a family of their size with no earnings.

Few respondents changed their living arrangements in the first six months after their benefits were terminated. Interestingly, while most of the respondents are single parents, more than 40 percent reported that they lived with at least one other adult at the six-month point.

Most respondents did not report severe deprivation although, at the six-month point, about 12 percent reported that their household "sometimes" did not have enough to eat in the prior month; about 3 percent reported that this was "often" the case. On another question, about 21 percent of respondents reported that, in the prior month, they had often "relied on low-cost food to feed the children because I was running out of money." About 14 percent said that this had often been true during their last month on welfare.

## Impacts on the Welfare System

In addition to motivating recipients, time limits are intended to spur changes in the message and practices of the welfare system. As with impacts on recipients, however, it is difficult to isolate how a time limit affects the welfare system because time limits are usually implemented along with other reforms designed to achieve similar goals. In addition, there are fewer straightforward ways to measure such "system" changes.

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[20] As noted earlier, under Connecticut's rules, people who have their benefits canceled at the time limit can return to welfare under certain circumstances. People who had returned to welfare and were receiving benefits when contacted for the survey were not interviewed. Thus, these figures include only people who were still off welfare at the six-month point (448 of the 480 people who were contacted).

[21] It is worth noting that individuals who were working a small number of hours per week when they reached the time limit would likely have received extensions, and thus are not part of this study.

[22] These figures include Food Stamps, an income source that is not included when the official poverty rate is calculated.

### How Line Staff Are Affected

In an interview, one line worker in Wisconsin's Work Not Welfare program said she believed that the two-year time limit motivated staff more than clients. Although the worker said this partly in jest, many staff in time-limit programs have made similar observations. Many eligibility and employment and training workers have reported that time limits force them to focus more clearly on a specific goal – helping recipients become self-sufficient – and a specific timeframe for achieving it. Although individual workers are not penalized when one of their recipients reaches the time limit unemployed, many nevertheless feel responsible for trying to ensure that this does not occur. In general, workers who have responded to staff surveys have strongly supported their state's time-limit policy.

Eligibility staff, in particular, have also reported that time limits have helped to change the nature of their jobs, in part because clients are more likely to ask their advice about issues related to employment or leaving welfare (as opposed to issues directly related to their welfare benefits). In some cases, staff need to help clients confront difficult choices, such as whether to continue receiving a partial welfare grant while working or to forgo the benefits in order to save the available months. In most areas, eligibility workers have little experience in providing advice of this kind. As discussed earlier, their jobs have typically focused on issuing timely and accurate benefit checks. Thus, staff training assumes even greater importance in this environment.

It is worth noting that changes in staff attitudes and practices were more dramatic in small, heavily staffed pilot programs such as Florida's and Wisconsin's that also included a range of other changes in both rules and staffing structures. Changes in staff roles were more modest in statewide programs.

### Spurring Innovation in Employment Services

Just as a time limit can create a sense of urgency for line staff, it can also spur action and creativity in the design of employment services. As noted earlier, states have a strong incentive to help clients leave welfare before they reach the time limit (or, at least, to ensure that recipients are employed when they reach the limit). Innovations in the waiver states include:

- **Short-term training**. Research suggests that some types of vocational training programs can help welfare recipients obtain higher-paying jobs.[23] Although most welfare-to-work programs have shifted toward a "work first" focus, many still refer participants to training under certain circumstances.[24] However, administrators in the Florida and Wisconsin pilot programs found that existing training programs in the community did not fit the time-limited environment: They were often too long and did not operate on an "open-entry" schedule (that is, clients may have needed to wait several months for the next

[23]See, for example, Bloom, 1997.

[24]Vocational educational training counts toward fulfillment of the federal TANF work participation rates that states face, although only for one year for each client. In addition, there is a cap on the percentage of a state's caseload that can meet the requirements through this activity.

semester or class cycle to begin). Thus, staff in both programs worked with local employers and education institutions to design tailored, short-term training programs targeted to clients facing time limits.

- **Special services for hard-to-place clients**. Florida's Family Transition Program provides intensive job placement help to participants who are deemed to have complied with program rules but are not stably employed six months before reaching the time limit. Designated staff – known as transitional job developers – work one-on-one with these clients, attempting to identify job openings in the community and then helping clients try to obtain these positions. The transitional job developers can use special, flexible incentive payments to reward employers who hire FTP participants nearing the time limit.

- **Services targeted to employed clients**. Connecticut's generous earned income disregard has contributed to a large increase in the number of clients who are mixing work and welfare. State data show that many of these clients are working part time or in low-wage jobs as their time-limit clocks continue to run. As discussed earlier, families who have income below the welfare payment standard when they reach the time limit are likely to receive extensions. To address this situation, the state began targeting employment services to employed welfare recipients; these services are intended to help clients raise their hours of employment.

- **Post-welfare training**. Florida's Bootstrap program is designed to facilitate continued education or training for clients who leave cash assistance. In theory, this means clients do not have to choose between stopping their clocks and raising their skills.

In addition to these new services, programs have taken steps to more closely integrate welfare eligibility and employment and training functions. With a time limit in place, programs cannot afford gaps caused by poor communication between staff units. Both Connecticut and Vermont have implemented new hybrid staff positions that combine elements of the two functions. The Florida and Wisconsin pilots created teams of eligibility and employment staff with shared caseloads in order to increase communication and coordination.

Chapter 5

# Open Questions About Welfare Time Limits

From virtually the moment they were first proposed, welfare time limits have ignited controversy. Proponents have asserted that time limits will end long-term welfare receipt and, in so doing, help alleviate a range of social problems that they believe are linked to welfare. Critics have predicted that time limits will deepen poverty and cause serious harm to many poor families unable to support themselves without cash assistance.

It is still far too early to settle this debate. Across the country, only a handful of recipients — almost none of them in the nation's largest cities — have reached time limits. The interim report card presented in this document provides little evidence to support either the most optimistic or the most pessimistic scenarios. This may be in part because, when the first time-limit programs were implemented, few could have predicted the magnitude of the recent decline in welfare caseloads. As discussed below, this decline has changed the context in a number of ways.

At this point, at least two broad questions remain about the implementation and impacts of welfare time limits. Over the next two to three years, the waiver studies discussed in this report will provide additional evidence to help answer both of them. Other data will need to come from other current and future studies.

**Will extensions be the norm or the exception for clients reaching time limits?** This report described the dramatically different early experiences in Connecticut's statewide Jobs First program and Florida's pilot Family Transition Program. Recent newspaper reports suggest that several other states have, like Connecticut, granted many extensions.

The waiver evaluations will help update this story by providing data from other states, as well as longer-term data from Connecticut where, as noted earlier, the story may change over time.

The national story, however, will need to come from other sources. It is worth noting that, with welfare caseloads declining and state coffers overflowing, there may be relatively little political pressure to "get tough" with families reaching time limits. Less favorable economic conditions and/or rising welfare caseloads could alter that picture. (Although one could argue that states would be *more* lenient in a weak economy, when jobs are scarce.)

**How will time limits affect the behavior and well-being of recipients and their children over the long term?** So far, the evidence suggests that time limits may help refocus the welfare system, but do not, in themselves, dramatically affect recipients' behavior during the "pre-time limit period." For example, in several studies, welfare recipients subject to time limits accumulated months of welfare receipt at about the same pace as members of control groups not subject to time limits. This might be seen as a cause for serious concern because earlier studies suggested that large numbers of recipients would reach time limits eventually unless time limits were able to alter welfare dynamics. But, at the same time, perhaps because of the same overall conditions that have spurred the national caseload decline, a large majority of the recipients sub-

ject to time limits are leaving welfare, at least temporarily, before reaching them. Thus, very few recipients have reached the "cliff" so far in the early waiver programs.

So far, there is little evidence of severe deprivation among families that have reached time limits, but it is far too early to reach any final conclusions. The early evidence comes from only two locations: Connecticut, where most recipients who were unemployed at the time limit received extensions, and one county in Florida, where data are available for only six months after benefit termination. If families were going to encounter difficulties after losing welfare, one would not expect this to occur immediately. People might be able to rely on family and friends in the short term, but not for long periods.

The waiver studies will yield more information about how many people reach time limits after leaving welfare and returning. The strong labor market and the presence of the time limits themselves may alter the patterns of welfare recidivism observed in earlier research. These studies will also yield detailed information on the waiver programs' impacts on a range of measures of family and child well-being. It seems likely that this story will not be told in the average results. Rather, time-limit programs are likely to have quite different impacts on different subsets of the welfare population. Some recipients may be motivated by the time limit, or may benefit from additional services and supports implemented along with it — and will improve their lot. Others may see their financial condition worsen if they are unable to support themselves without welfare after the time limit. The "subgroup" story will likely emerge with longer follow-up.

The waiver studies will not say much about whether "pre-time limit" impacts might be larger once the time limit message has permeated communities. They will also be unable to determine whether time limits are producing broader impacts, such as changes in welfare application patterns or changes in out-of-wedlock childbearing that might reduce welfare receipt among future generations. Finally, they will say little about the impact of time limits in very large cities or in a weaker labor market. Other research is needed to address these questions.

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# Recent Publications on MDRC Projects

Note: For works not published by MDRC, the publisher's name is shown in parentheses. A complete publications list is available from MDRC and on its Web site (www.mdrc.org).

## Reforming Welfare and Making Work Pay

### ReWORKing Welfare: Technical Assistance for States and Localities

A multifaceted effort to assist states and localities in designing and implementing their welfare reform programs. The project includes a series of "how-to" guides, conferences, briefings, and customized, in-depth technical assistance.

*After AFDC: Welfare-to-Work Choices and Challenges for States*. 1997. Dan Bloom.

*Changing to a Work First Strategy: Lessons from Los Angeles County's GAIN Program for Welfare Recipients*. 1997. Evan Weissman.

*Work First: How to Implement an Employment-Focused Approach to Welfare Reform*. 1997. Amy Brown.

*Business Partnerships: How to Involve Employers in Welfare Reform*. 1998. Amy Brown, Maria Buck, Erik Skinner.

*Learnfare: How to Implement a Mandatory Stay-in-School Program for Teenage Parents on Welfare*. 1998. David Long, Johannes Bos.

### Project on Devolution and Urban Change

A multi-year study in four major urban counties — Cuyahoga County, Ohio (which includes the city of Cleveland), Los Angeles, Miami-Dade, and Philadelphia — that examines how welfare reforms are being implemented and affect poor people, their neighborhoods, and the institutions that serve them.

*Big Cities and Welfare Reform: Early Implementation and Ethnographic Findings from the Project on Devolution and Urban Change*. 1999. Janet Quint, Kathryn Edin, Maria Buck, Barbara Fink, Yolanda Padilla, Olis Simmons-Hewitt, Mary Valmont.

### *Time Limits*

### Cross-State Study of Time-Limited Welfare

An examination of the implementation of some of the first state-initiated time-limited welfare programs.

*Implementing Time-Limited Welfare: Early Experiences in Three States*. 1995. Dan Bloom, David Butler.

*The View from the Field: As Time Limits Approach, Welfare Recipients and Staff Talk About Their Attitudes and Expectations*. 1997. Amy Brown, Dan Bloom, David Butler.

*Welfare Time Limits: An Interim Report Card*. 1999. Dan Bloom.

### Connecticut's Jobs First Program

An evaluation of Connecticut's statewide time-limited welfare program, which includes financial work incentives and requirements to participate in employment-related services aimed at rapid job placement. This study provides some of the earliest information on the effects of time limits in major urban areas.

*Jobs First: Early Implementation of Connecticut's Welfare Reform Initiative*. 1998. Dan Bloom, Mary Andes, Claudia Nicholson.

*Connecticut Post-Time Limit Tracking Study: Three-Month Survey Results*. 1998. Jo Anna Hunter-Manns, Dan Bloom, Richard Hendra, Johanna Walter.

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### Florida's Family Transition Program

An evaluation of Florida's initial time-limited welfare program, which includes services, requirements, and financial work incentives intended to reduce long-term welfare receipt and help welfare recipients find and keep jobs.

*The Family Transition Program: An Early Implementation Report on Florida's Time-Limited Welfare Initiative*. 1995. Dan Bloom.

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### Vermont's Welfare Restructuring Project

An evaluation of Vermont's statewide welfare reform program, which includes a work requirement after a certain period of welfare receipt, and financial work incentives.

*WRP: Implementation and Early Impacts of Vermont's Welfare Restructuring Project*. 1998. Dan Bloom, Charles Michalopoulos, Johanna Walter, Patricia Auspos.

## *Financial Incentives*

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An evaluation of Minnesota's welfare reform initiative, which aims to encourage work, alleviate poverty, and reduce welfare dependence.

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*Making Welfare Work and Work Pay: Implementation and 18-Month Impacts of the Minnesota Family Investment Program*. 1997. Cynthia Miller, Virginia Knox, Patricia Auspos, Jo Anna Hunter-Manns, Alan Orenstein.

### New Hope Project

A test of a community-based, work-focused antipoverty program and welfare alternative operating in Milwaukee.

*The New Hope Offer: Participants in the New Hope Demonstration Discuss Work, Family, and Self-Sufficiency*. 1996. Dudley Benoit.

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### Canada's Self-Sufficiency Project

A test of the effectiveness of a temporary earnings supplement on the employment and welfare receipt of public assistance recipients. Reports on the Self-Sufficiency Project are available from: Social Research and Demonstration Corporation (SRDC), 275 Slater St., Suite 900, Ottawa, Ontario K1P 5H9, Canada. Tel.: 613-237-4311; Fax: 613-237-5045. In the United States, the reports are also available from MDRC.

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## *Mandatory Welfare Employment Programs*

### National Evaluation of Welfare-to-Work Strategies

A large-scale study (formerly known as the JOBS Evaluation) of different strategies for moving people from welfare to employment.

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### Los Angeles's Jobs-First GAIN Program

An evaluation of Los Angeles's refocused GAIN (welfare-to-work) program, which emphasizes rapid employment. This is the first in-depth study of a full-scale "work first" program in one of the nation's largest urban areas.

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### Ohio's LEAP Program

An evaluation of Ohio's Learning, Earning, and Parenting (LEAP) Program, which uses financial incentives to encourage teenage parents on welfare to stay in or return to school.

*LEAP: Three-Year Impacts of Ohio's Welfare Initiative to Improve School Attendance Among Teenage Parents*. 1996. David Long, Judith M. Gueron, Robert G. Wood, Rebecca Fisher, Veronica Fellerath.

*LEAP: Final Report on Ohio's Welfare Initiative to Improve School Attendance Among Teenage Parents*. 1997. Johannes Bos, Veronica Fellerath.

### New Chance Demonstration

A test of a comprehensive program of services that seeks to improve the economic status and general well-being of a group of highly disadvantaged young women and their children.

*New Chance: Final Report on a Comprehensive Program for Young Mothers in Poverty and Their Children*. 1997. Janet Quint, Johannes Bos, Denise Polit.

*Parenting Behavior in a Sample of Young Mothers in Poverty: Results of the New Chance Observational Study*. 1998. Martha Zaslow, Carolyn Eldred, editors.

## *Focusing on Fathers*

### Parents' Fair Share Demonstration

A demonstration for unemployed noncustodial parents (usually fathers) of children on welfare. PFS aims to improve the men's employment and earnings, reduce child poverty by increasing child support payments, and assist the fathers in playing a broader constructive role in their children's lives.

*Low-Income Parents and the Parents' Fair Share Demonstration*. 1996. Earl Johnson, Fred Doolittle.

*Working with Low-Income Cases: Lessons for the Child Support Enforcement System from Parents' Fair Share*. 1998. Fred Doolittle, Suzanne Lynn.

*Building Opportunities, Enforcing Obligations: Implementation and Interim Impacts of Parents' Fair Share*. 1998. Fred Doolittle, Virginia Knox, Cynthia Miller, Sharon Rowser.

*Fathers' Fair Share: Helping Poor Men Manage Child Support and Fatherhood* (Russell Sage Foundation). 1999. Earl Johnson, Ann Levine, Fred Doolittle.

## *Other*

*Can They All Work? A Study of the Employment Potential of Welfare Recipients in a Welfare-to-Work Program*. 1995. James A. Riccio, Stephen Freedman.

*Florida's Project Independence: Benefits, Costs, and Two-Year Impacts of Florida's JOBS Program*. 1995. James J. Kemple, Daniel Friedlander, Veronica Fellerath.

*From Welfare to Work Among Lone Parents in Britain: Lessons for America*. 1996. James A. Riccio.

# Employment and Community Initiatives

### Connections to Work Project

A study of local efforts to increase competition in the choice of providers of employment services for welfare recipients and other low-income populations. The project also provides assistance to cutting-edge local initiatives aimed at helping such people access and secure jobs.

*Tulsa's IndEx Program: A Business-Led Initiative for Welfare Reform and Economic Development*. 1997. Maria Buck.

*Washington Works: Sustaining a Vision of Welfare Reform Based on Personal Change, Work Preparation, and Employer Involvement*. 1998. Susan Gooden.

*Cost Analysis Step by Step: A How-to Guide for Planners and Providers of Welfare-to-Work and Other Employment and Training Programs.* 1998. David Greenberg, Ute Appenzeller.

### Jobs-Plus Initiative

A multi-site effort to greatly increase employment among public housing residents.

*A Research Framework for Evaluating Jobs-Plus, a Saturation and Place-Based Employment Initiative for Public Housing Residents.* 1998. James A. Riccio.

### Section 3 Public Housing Study

An examination of the effectiveness of Section 3 of the 1968 Housing and Urban Development Act in affording employment opportunities for public housing residents.

*Lessons from the Field on the Implementation of Section 3* (U.S. Department of Housing and Urban Development). 1996. Maxine Bailey, Suzanne Lynn.

### Canada's Earnings Supplement Project

A test of an innovative financial incentive intended to expedite the reemployment of displaced workers and encourage full-year work by seasonal or part-year workers, thereby also reducing receipt of Unemployment Insurance.

*Implementing the Earnings Supplement Project: A Test of a Re-employment Incentive* (Social Research and Demonstration Corporation). 1997. Howard Bloom, Barbara Fink, Susanna Lui-Gurr, Wendy Bancroft, Doug Tattrie.

## Education Reform

### School-to-Work Project

A study of innovative programs that help students make the transition from school to work or careers.

*Home-Grown Lessons: Innovative Program Linking School and Work* (Jossey-Bass Publishers). 1995. Edward Pauly, Hilary Kopp, Joshua Haimson.

*Home-Grown Progress: The Evolution of Innovative School-to-Work Programs.* 1997. Rachel A. Pedraza, Edward Pauly, Hilary Kopp.

### Career Academies

The largest and most comprehensive evaluation of a school-to-work initiative, this 10-site study examines a promising approach to high school restructuring and the school-to-work transition.

*Career Academies: Early Implementation Lessons from a 10-Site Evaluation.* 1996. James J. Kemple, JoAnn Leah Rock.

*Career Academies: Communities of Support for Students and Teachers — Emerging Findings from a 10-Site Evaluation.* 1997. James J. Kemple.

### Project Transition

A demonstration program that tested a combination of school-based strategies to facilitate students' transition from middle school to high school.

*Project Transition: Testing an Intervention to Help High School Freshmen Succeed.* 1999. Janet Quint, Cynthia Miller, Jennifer Pastor, Rachel Cytron.

## About MDRC

The Manpower Demonstration Research Corporation (MDRC) is a nonprofit, nonpartisan social policy research organization. We are dedicated to learning what works to improve the well-being of low-income people. Through our research and the active communication of our findings, we seek to enhance the effectiveness of social policies and programs. MDRC was founded in 1974 and is located in New York City and San Francisco.

MDRC's current projects focus on welfare and economic security, education, and employment and community initiatives. Complementing our evaluations of a wide range of welfare reforms are new studies of supports for the working poor and emerging analyses of how programs affect children's development and their families' well-being. In the field of education, we are testing reforms aimed at improving the performance of public schools, especially in urban areas. Finally, our community projects are using innovative approaches to increase employment in low-income neighborhoods.

Our projects are a mix of demonstrations – field tests of promising program models – and evaluations of government and community initiatives, and we employ a wide range of methods such as large-scale studies to determine a program's effects, surveys, case studies, and ethnographies of individuals and families. We share the findings and lessons from our work – including best practices for program operators – with a broad audience within the policy and practitioner community, as well as the general public and the media.

Over the past quarter century, MDRC has worked in almost every state, all of the nation's largest cities, and Canada. We conduct our projects in partnership with state and local governments, the federal government, public school systems, community organizations, and numerous private philanthropies.

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